

Conference Call with Danielle Pletka: "What Kind of Iran Deal?"

Omri Ceren: Thank you for that and thank you everybody for joining us this afternoon. I know it was short notice and especially thank you to Danielle Pletka for making the time to come here today and brief us on what happened last night in Geneva, most broadly, but more specifically to hone in and help resolve some of the debates that are now occurring in the media, in the think tank world, on the Hill, about what actually was hammered out. There are a number of issues that, frankly, are disputed still about what happened and we're hopeful that Ms. Pletka can clear those up for everybody who's on the call. Danielle, of course, was for a longtime an aid on the Senate Committee for Foreign Relations. She was on the senior professional staff. She is now, of course, Vice President of Foreign and Defense Policy at AEI. Over the last several weeks, several months, she has been at the forefront of point people to the kind of issues to lookout for in the Geneva talks. Both the round that was had two weeks ago and the round that we had over this weekend and so is uniquely positioned to resolve those issues and to speak to what did happen, what didn't happen, and what we're not sure happened. And so on that note, I'll hand it over to her and thank you again Danielle.

Danielle Pletka: No, thank you Omri and thank you for saying the last few months. It makes me sound young, people have been saying for the last two decades, that's probably accurate as well. In any case, I think as most people are aware, who are already on this call, that the United States as well as four other permanent members of the United Nations Security Council and Germany inked a six month deal with the Islamic Republic of Iran yesterday. The deal's terms have been out there for a while, although the specific language has only just been released. What does Iran have to do? Well Iran has agreed to, I wouldn't say suspend, but Iran has agreed to suspend enrichment above the critical degree of 5%. In other words they've agreed to suspend their 20% enrichment which has been going on. They will continue to enrich to 3.5%. They've agreed not to increase their stockpile of enriched uranium.

What does that mean? That requires a little thinking, because they have a very substantial stockpile of enriched uranium at both 3%, and at 5%, and at 20%. That 20% uranium is a hop skip and a jump away from highly enriched uranium usable for a nuclear weapon. Much, much closer than the 3%. What they will need to do, is they will need to convert that uranium down to a lower grade or change it over into another form so that it is not sitting available as highly enriched uranium. There are a couple of different ways they can do that. I don't believe that it has been agreed upon just what they will do. In addition they've agreed not to do any further work on additional centrifuges which are spinning at Natanz. 9,000 centrifuges are spinning,

then there are an additional several thousand that are installed, but not yet working. And they've agreed to suspend work on the Arak heavy water reactor. Why is the Arak heavy water reactor so important to the global community looking at Iran's nuclear weapons program? Because it represents another pathway to a plutonium nuclear weapon. Again, the specifics aren't entirely clear because the language is not entirely specific, but Iran is not, theoretically, going to be working on that heavy water reactor nor are they going to be constructing the fuel assemblies that will be necessary for it to power up.

Now, what have we given in exchange? Well, a lot depends on who you ask. The fact of what we've given up is fairly limited. The United States has agreed to facilitate certain deliveries of food and medicine. Now, there are no sanctions on food and medicine. But the Iranians have had a very hard time getting letters of credit, which have limited their ability to purchase on the international market. At least that is the argument that they make. The United States and the other powers have also agreed to allow Iran access to certain frozen assets overseas. Those include assets both in the United States and assets that Iran actually owns, cash that they have that has not been repatriated back into Iran because of sanctions. And the administration insists that this is worth \$6 billion or \$7 billion, others have said up to \$10 billion. Now that's the bottom line, those are the brass facts of the deal.

What does it mean in fact? Let's start with the sanctions side. As many people are aware, we had sanctions in place with on Iran since 1979. Those sanctions have enabled Iran to move forward very successfully with a nuclear weapons program that has gotten them, depending on where you sit, to between 1 month and 18 months away from a nuclear weapon. So...they haven't been terribly effective. Those sanctions have enabled them to support Hezbollah, Hamas and to invest very, very substantially in supporting Bashar al-Assad government in Syria. So, again, sanctions haven't really limited Iran's ability to do the things that are our priority. So when Iran claims that its ability to purchase food and medicine on the international market are limited, we need to take that with a grain of salt. Iran has merely prioritized the payment to Assad and the supply of weaponry to Assad and the cash transfers to Hezbollah and to Hamas and to Palestinian Islamic Jihad over the procurement of food and medicine or the home-front, that's their choice, that's the kind of government they are. Further on the sanctions, over the last few years, I think that there should be no doubt that the sanctions that are in place against the Islamic Republic of Iran have been effective, perhaps, not to use Hilary Clinton's term, crippling. Nonetheless, they really have limited Iran's ability to operate on the international financial market. Very simply, Iran has made, over the past few years, such curious advances on its nuclear weapons program that it has concerned enough of the international community that US efforts to spread and multilateralize the sanctions that we've had in place have been quite effective. We should underscore that that is with the very strong leadership of the French, and

to a certain extent the British, who have pushed very hard to put in place, especially oil sanctions which go to the heart of Iran's foreign exchange earnings.

Are those sanctions fool proof? Absolutely not. Iran still earns money, Iran still sells oil, Iran still smuggles oil. Nonetheless, in the cost benefit analysis that most companies and most banks that operate in the international community make, it has become more costly and not worth it, because of those sanctions, to do business with the Islamic Republic of Iran; to have a banking relationship with the Islamic Republic of Iran. The Obama administration has repeatedly taken credit for putting in place those sanctions. And I want to underscore, I say this as fact and not a partisan matter, the Obama administration has opposed every single escalation of sanctions from the United States Congress and that those sanctions have been, first of all, tweaked by the Administration, ignored by the Administration, and Congress had, to put it inelegantly, rammed those sanctions down the throat of the Administration. Now their leeway in lifting some of those sanctions is fairly limited. But John Kerry and the President, himself, have made it very clear that they oppose the imposition of additional sanctions which would tighten the noose around Iran, economically. Those sanctions that are right now up for consideration, particularly, in the United States Senate.

So what's the problem with sanctions? Let's take Secretary Kerry's argument that not that much has been given and that it is all reversible, and then we'll talk a little about the technical side with Iran. The problem with sanctions is very simple. They work best when there is a psychology of sanctions. When the risk, which is hard to quantify, hard to calculate, when the risk of doing business with Iran simply isn't worth it. Because the United States will deny you access to their markets, because the EU might deny access to markets. And that psychology has been changed. Suddenly the doors are open. I can tell you, having watched with North Korea and with other countries, on which we have imposed sanctions, including Saddam Hussein's Iraq that once you start to lift sanctions, even minimally, it is a breach, a hole in the dike, and everything goes flowing back in. That is absolutely what the Iranians are calculating. Even as the Secretary insists upon the reversibility of the sanctions, insists that they are very limited in their impact, insists that the United States is keeping sanctions on; we are already seeing Asian business men, Chinese in particular, heading toward Tehran to make deals. And so every picture you see of the Iranians smiling, that's the reason.

Ok, now let's talk about the nuclear program and then I'll open things up for questions. On the nuclear side, here's the problem. Six United Nations Security Council resolutions under chapter 7 that means with the force of international law behind them have said suspension of enrichment is the demand. Not permanent suspension, not a permanent freeze, but a suspension of enrichment, because of Iran's violation of its obligation under the Nuclear Non-

Proliferation Treaty and safeguard agreement. The Non-Proliferation Treaty affords certain rights to its members, but only if those members are in compliance. Iran has been in non-compliance for some years that has been the response of the Security Council in unanimous or majority votes. Ok, the deal that was struck yesterday is less than that. That's problem number one. It allows the Iranians to continue to enrich. Yes it's true that they're going to be enriching at a lower level of enrichment than they have been up until today. All that does is slow down their advance. Remember they have sufficient fissile material should they want to make a bomb now. They have enough now. All they are doing is stockpiling. There is no one out there, the Israeli prime minister included, who has suggested that Iran is planning a breakout, a nuclear breakout. Iran is stockpiling so it can afford itself the opportunity, at a time of its choosing, to breakout with nuclear weapons. None of us believes that that time is immediate. Iran wants all of the deniability that Japan has, with all the force that North Korea has. And right now they have positioned themselves to do that. Arak, the heavy water reactor, the Iranians had no intention of opening Arak for six months. Iran has not opened any one of these facilities on-time; it may even have been a year away. In other words, any work that they're doing clandestinely on Arak can continue. But the opening and the assembly of the fuel apparatus will be suspended. That is...a help, but not a decisive blow to the plutonium route. Then there are additional parts of this. Yes, there will be a slower movement at Natanz. On the other hand, we need to understand something very important. The Natanz enrichment facility, number one, the Fordow enrichment facility, number two, both of those facilities were not discovered by the United States. We only found out about those facilities when they were well under way. We don't know where Iran has other clandestine facilities. There's only one thing that we are pretty sure about, and that is that they exist. What's happening at those facilities? No clue. Ok.

Last, this has really been the object of a lot of attention; Iran came into these negotiations insisting upon its "right" to enrichment. The P5+1 insist that there is no intrinsic right in the Nuclear Non-Proliferation Treaty for any country to enrich. Indeed, the United States just recently signed a nuclear cooperation agreement with the United Arab Emirates that explicitly bars the UAE from enrichment. Iran insists that it has been given that right. And if you look at the fine print of the agreement that was inked yesterday, I have to agree with them it suggests that over the next six months, there will be negotiations about a framework for enrichment in Iran that does not cause concern. Nonetheless, it doesn't say an end to enrichment. So when you hear the Israelis jumping up and down and screaming, that's one of the most important reasons.

Last little note, having nothing to do with either of these two things, reliable reports.

AP reported yesterday, was reported in Israel early last week, that the United States has been involved in one-on-one, secret negotiations with the Iranians for months. Last year it was suggested that presidential confidant Valarie Jarret is the person who is conducting those negotiations. AP was not able to confirm that. I have heard that they are negotiating, among other things, about trying to find a way of getting rid of Bashar al Assad while keeping his government in power. All of these things are very troubling. Why don't we leave it there. Plenty to talk about.

Omri Ceren: While we wait for people to queue up, we have a couple questions that arrived from email after the invitation went out. The first one is relatively straight forward, though I'm not sure there is a precise answer to it which is, if you could evaluate the degree to which you believe and what you believe the conventional wisdom to be regarding whether or not this is going to be a hard sell in congress. Of course there have been bipartisan efforts to increase sanctions over the last couple of weeks. Some of those will be put off, were put off and will continue to be put off at the president's request. But to what degree do you think congress is going to react and what do you think that reaction will be?

Danielle Pletka: Well it was very interesting to me that nobody has managed to get a comment out of Senate Majority Leader Harry Reid about this. Senator Diane Feinstein came out in support but she was, I won't say she was a lone voice, but there are many members of both the house and senate who have been very critical. Speaker of the House Boehner, very critical Minority Leader Cantor, ditto, Chairman and Ranking member of the House Foreign Affairs Chairman Royce and Ranking Member Engel, Republican and Democrat both very, very critical. I don't see any likelihood that this is going to sell well in congress but, I also see very, very significant hurdles to getting Iran legislation passed with substantial enough majorities to withstand a presidential veto and I have no doubt that, despite the optics of siding with Iran against the congress of the United States, the president would veto anything that he deemed damaging to this deal.

Omri Ceren: Operator we can go for questions

Eli Lake, Daily Beast: Thanks for doing this.

Danielle Pletka: Pleasure

Eli Lake: I had a question about exactly what do we understand the access this will provide. And I realize this is a bit of a Rumsfeldian kind of thing because we don't know what we don't know, but I have written before about the idea that the Iranians have not shared information on their centrifuge production and things like that. I mean do you have any sense of whether there will be more access basically to... we could inspect like Parchin. I don't know it's a very complicated question and I wonder if you could talk about that.

Danielle Pletka: Well first of all, you helped me address two things that I left out. The first is that the other part of the deal is that Iran has agreed to what the United States characterizes as very intrusive inspections and real-time monitoring of their sites. So that is part one. The other thing that I left out is of course the question of Parchin, which is the facility where the International Atomic Energy Agency believes that Iran has been doing much of the testing related to its nuclear weapons program. Eli, I think that the problem is really straight forward and that is that the Iranians have seen the shape of this deal and they've seen this coming for a long time and I have absolutely no doubt that they have moved whatever critical activities they need to conduct over the next six months to another site. In other words, they will be comfortable enough opening up Natanz and Fordo to the kinds of inspections that this agreement requires because they are continuing the program elsewhere. And if we have any doubt about that, all we need to do is look at the kinds of activities that they conducted at Parchin over the last two years. They have gone so far to clean up that site that they have lifted off the top layer of dirt around the site in order to, they believe, stop the International Atomic Energy Agency from collecting soil samples to indicate some kind of fissile material testing. In addition they supposedly will need to give, again not to the United States, but to the International Atomic Energy Agency, access to a variety of their scientists who have been involved in work that the IAEA believes is related to a nuclear weapons program. The IAEA has not secured agreement from Iran to do so and there is no leverage in this agreement to get that.

Oren Dorell, USA Today: Hi Danielle, thanks for doing this call. My question is about how other countries in the region are going to behave differently because of this deal? How do they see this deal? Does it make them feel safer? What are they going to do differently considering the fact that this deal doesn't actually dismantle Iran's enrichment capabilities?

Danielle Pletka: I know exactly how others in the region are reacting because they haven't been shy in sharing their concerns. You know you have this growing alliance between the Israelis and Iran's Arab neighbors who are looking at the United States and the Europeans and their mouths are agape that we have been credulous enough to accept these Iranian assurances. They all believe that Iran has been the victor in these negotiations and they are all profoundly concerned about the options that it affords Iran to continue work on its nuclear weapons program and continue its efforts to become the regional hegemon.

Oren Dorrell: So what are they going do about it?

Danielle Pletka: I think each one of them is going to define its own national security differently. You know we saw the first hint from the Saudis when they declined their seat on the United Nations Security Council, which to me was incredible. But the Saudis, the Kuwaitis, the Emiratis, the Jordanians, all of them are looking at the United States which has been their security

umbrella and I think they have a dawning understanding that, like the Israelis, America no longer has their back. What will they do? The Saudis have said very bluntly that they are going to seek a nuclear capability for themselves. I don't know what the UAE does I don't know what the Kuwaitis do. That opportunity isn't out there for everybody. But would it be ridiculous to see, to expect, a sort of nuclear domino effect in the region? No, I don't think that's ridiculous. I think each one of those countries is going to have to consider their options, as frankly will the Turks.

Gary Emanuele, CIF Watch: Hi there. Thank you very much for your presentation. I have a question that relates specifically to the language of the agreement that has now been published and I just wanted to get some clarification as it relates specifically to the portion relating to enrichment 20 percent. Let me just read out the particular provision and I'd just be interested in understanding a little more where Iran retains its, or at least half of its, stock of 20 percent enriched uranium. It says here the following: "From the existing uranium enriched twenty percent, retain half as working stock as 20 percent oxide for fabrication of fuel for the TRR. Dilute the remaining 20 percent UF6 to no more than 5 percent and this is no reconversion line." Will you just explain what this means in plain English?

Danielle Pletka: I can try. So we know that under Ahmadinejad, Iran began enriching to twenty percent. So this was something this was considered an important victory for the International community. In other words, getting Iran to stop doing something that two years ago, it wasn't doing at all. So that's number one. In the annals of negotiations, let just say that the Iranians are more clever than we.

Now, 20 percent is converted into oxide. I cannot pretend to be a nuclear scientist but I can quote a nuclear scientist Olli Heinonen, who says that if in fact this is converted to oxide, the amount of time that it will require for Iran to reconvert it is approximately one week. So that's a big gain in time (laughter).. one week. But, I think we need to understand that having converted that in oxide has reassured the Israelis that the Iranians somehow are not going to move forward, because this has been the fig leaf that the Iranians have used to claim that they have not crossed the red line that Prime Minister Netanyahu laid out last year at the United Nations. Because by all accounts, they crossed that line many, many months ago but both the Israelis and the Iranians claim that having converted some of that stock to oxide, they therefore didn't technically cross the line. It's a very bizarre situation. Then you have the other part which is converted for feed stock in to UF6, Uranium Hexafluoride and again, I don't believe that that takes it off the table for the Iranians. It remains accessible to them. It remains something that the Iranians can choose to use. It remains something that with some work, can once again become the fissile material that they can use for a bomb. So yes, I think we can fairly say that it

is a setback for access to the necessary material. What we cannot say is that it is a substantial set back and all I can do to sort of help listeners understand this better is refer you to the work of David Albright, who really understands these technical issues well and who says the Iranians have lost anywhere from a few week to perhaps a month or two by signing on to this deal. I hope that helped.

Scott Johnson, Powerline: Danielle will you comment on John Kerry's repeated assertions that this deal is somehow an improvement on one that was available to the Bush administration in 2003 when there were 160 plus centrifuges as opposed to the situation today.

Danielle Pletka: There was no deal available to the Bush administration. That I think is part of the problem. What you are referring to is a memo that was sent out by the then Swiss Ambassador to Iran that supposedly contained an offer or maybe a trial balloon that the Iranians would suspend all of their activity. So let's first of all acknowledge that the Iranians never formally made any such offer. This is the argument of a lot of sort of fevered anti-Bush fanatics and those who frankly are in Iran's camp when it comes to these questions. And there are a couple of folks in Washington like that, a few folks in Washington who are like that. But let's just pretend it's real for a second. Let's just pretend the Iranians were at that moment willing to suspend. The notion that the deal we've got now in which the Iranians have walked away believing, and with some reason, that they have a right to enrichment is appalling. If in fact they were going to suspend their diminimus activities at that moment and now the extraordinary range of their activity has been limited so as to cause a set back of a few weeks to a couple of months, I think we can all do that kind of math. I hope that I answered your question clearly.

Omri Ceren: On that note we are out of time. Thank you again Danielle for taking the time today. Thank you everybody for taking the time to show up. I know it was short notice. As always, if you need follow up on anything, feel free to ping us at press@theisraelproject.org and enjoy the rest of the weekend everybody.