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IRAN AND THE NUCLEAR ISSUE:
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P R O C E E D I N G S

MR. PICCONE: Okay, great. We'll get started.

Good afternoon, everyone. I'm Ted Piccone. I'm the Acting Vice President and Director of the Foreign Policy Program here at the Brookings Institution. Thanks for coming.

We are at the precipice of a really crucial time on the question of Iran and its nuclear program. One week from today, negotiators will gather again in Geneva -- negotiators from Iran and the P5+1 countries -- for a second round of talks on Iran's nuclear program.

President Hassan Rouhani's election has generated new optimism. By all public accounts, the October 14-15 meeting of representatives of the P5, Germany and Iran went well, and these parties, as I said, will meet again next week to continue the discussion. While the timing is opportune, the prospects for a successful settlement of the nuclear issue and what might happen if negotiations fail are very much still in question.

We want to look at that question today, and to do this we've organized a fantastic panel, organized by the Saban Center for Middle East Policy and the Arms Control and Non-Proliferation Initiative.

And I want to note for the Inside Baseball crowd that we've added non-proliferation to our Arms Control Initiative, which has been

directed for some time now by our Senior Fellow, Steven Pifer, who's sitting here.

The idea here is to reflect the expansion of the initiative to address a broader range of the critical security challenges facing the United States and the world. Non-proliferation, obviously, is a first-order concern of the U.S. Government for some time, particularly under this Administration.

And, for this purpose, we're very lucky and honored to have Bob Einhorn making his first appearance here as a Senior Fellow as part of our team on Arms Control and Non-Proliferation. He brings a wealth of experience on these issues from his time in the U.S. Government, most recently as Special Advisor to the Secretary of State.

You should have all of our speakers' bios in your packet. So I won't go into all the details, but I do want to quickly introduce our three other Senior Fellows who hold deep insights and experience looking at questions of Iran and the Middle East.

Suzanne Maloney is a Senior Fellow in the Saban Center. She recently authored the Brookings essay, "Iran Surprises Itself and the World," which analyzes the new direction that Iran could potentially take under President Rouhani. This is a new feature of our production on our web site, and I highly encourage you to look at it. It's got a lot of important

multimedia dynamics and video embedded in the piece, and it's very much worth reading.

Ken Pollack is also a Senior Fellow in the Saban Center.

Ken has just released a new book called *Unthinkable: Iran, the Bomb and American Strategy*, and is in the process of traveling around the country, talking to people about why it's important to really take a balanced approach to the questions of Iran and what the United States should do about it. I highly recommend it.

And, finally, Tamara Cofman Wittes is the Director of our Saban Center. She'll be guiding our discussion today. She is the author of the book, *Freedom's Unsteady March: America's Role in Building Arab Democracy*. She has recently returned to Brookings from the State Department where she was Deputy Assistant Secretary of State.

Welcome again, and I'm sure we'll have an interesting and insightful discussion. Thank you.

Tamara.

MS. COFMAN WITTES: Ted, thank you.

If we can make sure -- can you hear us in the back?

Great. Thank you.

And, for those of you who are standing in the back, I think there are a few isolated seats.

Folks, if you have an empty seat next to you, would you raise your hand, please?

So I see at least three seats up front here. If any of you brave people want to come down front, you can relax. Okay.

Well, thanks very much for joining us this afternoon. We have a lot to cover, and I can't think of three colleagues I would rather have on the dais with me to help me address the complex questions surrounding Iran's nuclear program and the challenge of potentially negotiating a resolution to this very longstanding security problem in the region.

I want to start by just getting a fix on the state of Iran's nuclear program because, as these negotiations have taken off and gained momentum, we've seen some discussion and debate about just how far along Iran's program is right now and, if they chose to pursue the construction of a nuclear weapon, how long would it take them actually do that. And, for reasons that we'll get into, that's a crucial question in determining the wisdom of any given deal that might be on the table.

So, Bob, if I may start with you, there was a report out just a few days ago from a think tank called ISIS, arguing that the Islamic republic could break out and build a weapon within as little as a month. I would love your thoughts on their analysis. And, if you could, do we have

time for negotiating a deal with Iran?

MR. EINHORN: Well, ISIS is a very reputable organization run by David Albright. His analysis is respected both here and abroad.

What he was looking at is not the time to build a weapon but the time to produce enough highly enriched uranium that would be required for a weapon. It would still take more time to actually fabricate a weapon.

But his concern was, with the steady improvement of Iran's nuclear program, this timeline could be shortened considerably to the point where from a decision to acquire nuclear weapons to the point where you had enough highly enriched uranium for one or more nuclear weapons it could be as little as a month, or even some estimates are weeks.

The Iranians are not there yet. Actually, they're at a point where they could make over the next several months -- six months or beyond -- a real jump in their capability.

For example, at their enrichment facility at Fordow, only a quarter of the installed centrifuges are actually enriching. They could begin enriching at the three-quarters that are now idle.

They have installed a thousand much more efficient centrifuges at the facility at Natanz, but they have not yet begun running

uranium gas through those centrifuges. They have not produced any enriched uranium there. They could begin doing that.

So we're at a kind of -- we're on the verge of a period where Iran can make big gains in reducing this breakout timeline, and that's why I think it's important for the P5+1 countries to do what they can to put near-term constraints on that breakout capability.

MS. COFMAN WITTES: Okay. So, when we talk about the time available for negotiation, we have to worry that Iran might use that time to make the surge -- the technical surge -- that you're talking about.

And, when you say put some near-term constraints on the program, what would do that? What would put more time on the clock?

MR. EINHORN: Well, I think the two sides -- the P5+1 and Iran -- in my view, are converging on a basic framework for the negotiations, and it would have two parts. One would be a near-term, initial step, a set of confidence-building measures, and the general outlines of a comprehensive long-term arrangement. They would be done at the same time. But the initial step would actually be a series of steps that would halt this progression in the advancement of Iran's nuclear program, and this initial step might last something like six months during which the details of a comprehensive arrangement could be worked out.

So, if this framework were to be agreed -- these two parts --

and an initial confidence-building arrangement would be worked out in the next several months, it would be possible to put immediate steps in place to halt this further advancement.

So I think there is time, but I think the negotiators have to move pretty quickly to get this initial step in place.

MS. COFMAN WITTES: And putting -- getting the Iranians' agreement on this initial step would also be, wouldn't it, a test of their intentions, whether they are just using the negotiations to play for time while they progress in their program or whether they're really interested in getting to a final deal?

MR. EINHORN: Absolutely. Obviously, we wouldn't, from a strategic or political point of view, want a situation where we're involved in lengthy negotiations on a comprehensive deal while they're making advancement in their program. So it would be very important for us to constrain further movement in their program.

And it would be a test of their intentions -- their willingness to put these constraints on. They would be reversible constraints. They would be a pause.

So they wouldn't be giving up very much. They would just be, you know, for six months, pausing their program. But, of course, in exchange for this pause in their program, they would want to see some

benefits too, and the benefits they would like to see would be some easing up of the sanctions that are now having a devastating effect on the Iranian economy.

MS. COFMAN WITTES: Thank you.

So, Suzanne, I think that's a great lead-in to turn to you and to look a little bit at the Iranian side and the motivations on their side of the table.

Although clearly there's a sense of urgency on the American side, Foreign Minister Zarif at the round of talks in Geneva apparently also expressed urgency on the Iranian side, saying we don't have a lot of time before our hardliners start to hem us in seemed to be his message.

So can you tell us a little bit about how solid is this new Iranian approach to the negotiation?

MS. MALONEY: I think it's quite clear that Hassan Rouhani was elected in June with a mandate to fix the economy and with the clearly articulated, explicit understanding that to do so he would actually have to tackle the nuclear issue and find some kind of resolution with the international community to the standoff that has lasted now well over a decade. He has a considerable amount of running room to do that.

He was able to put together, I think, a sort of top-flight cabinet, not just Foreign Minister Zarif, who is probably well known to all of

you in the audience from his time as the U.N. Permanent Representative representing Iran in New York, but also an array of officials at the working level in the Foreign Ministry and also officials managing the economy, who really understand the mandate and the brief.

He has come to the -- these officials have come to the table in Geneva in, I think, a very serious way have engaged in what are the first substantive negotiations on the nuclear issue and have made clear that they see not just the threat of hardline opposition as a time constraint but also the expectations of a population who came out in far larger numbers to vote for Rouhani than many anticipated prior to the election. They recognize that Iranians are tired and frustrated and would like to see some sort of relief from the pressures.

And, in fact, many Iranians have articulated the sense that the simple election of Rouhani, some of the overtures that he has made, whether it's the Washington Post op-ed that he penned prior to the U.N. General Assembly or his phone conversation with President Obama while in New York, that all of these were political risks and, in effect, that Iran ought to be rewarded preemptively with some kind of sanctions relief.

I don't think anything like that is on offer, but I think that clearly the Iranians want to make progress quickly; they want to see tangible results and compensation. This has been a sort of clear theme

throughout the decade-long nuclear negotiations -- that they're not willing to give away something in exchange for nothing.

Rouhani himself, the President now, was the nuclear negotiator at the outset of this crisis and, in fact, was responsible for negotiating the one significant concession on Iran's nuclear program, a suspension of its uranium enrichment, which lasted from 2003 until shortly after the election of Mahmoud Ahmadinejad in 2005.

And, for the next eight years, Rouhani was the subject of intense internal criticism coming from hardliners but extending all the way up to Iran's ultimate authority, it's Supreme Leader. That criticism is really just beneath the surface.

And so, while I think that there is a kind of theater in the sense that Zarif is pushing the domestic political argument that we have to help Rouhani, I think it's quite clear that there is a limit to the patience of the Iranian establishment and that, in fact, Rouhani needs to deliver. He needs to be seen as having achieved something for his own people in exchange for any concessions that he may appear to be making at the bargaining table, and that is the real pressure that is on him, and it needs to be delivered soon.

MS. COFMAN WITTES: Okay. So there's pressure from below, from the public, exhausted and suffering from sanctions. There's

pressure within the political elite, that he prove himself as effective.

What kind of support is there from the man who counts most in the Iranian political system, the Supreme Leader? What do we know about his attitude?

MS. MALONEY: Well, I think there's no question that the Supreme Leader's suspicions and mistrust of the international community as a whole and of Washington in particular run very deep, and I haven't seen any evidence that, in fact, Rouhani's election in any way countervails that. But what he has clearly given Rouhani is a certain running room to effect a solution so long as it appears to be within the benefit of the Iranian people. And that's going to be the test -- what can Rouhani bring in terms of actual results?

And the Supreme Leader, as I said, was very critical of the concessions that were made at the early part in 2003 and, I think, will apply a fairly high standard. This is why the issue of sanctions relief, the particularities of what is actually put on offer, is going to be so important.

And it's why I think that there is a concern that the United States -- for legitimate, justifiable reasons -- would like to see a fairly comprehensive and ambitious initial agreement or initial phase of the final agreement and would like, in effect, to pay a relatively cheap price for that by retaining as much of the architect of sanctions as is possible if not all of

the architecture of sanctions.

There are a number of proposals that are floating in the public domain about what else the international community could do to reward Iran, perhaps by freeing up some of the frozen assets that are banked abroad. It's unclear to me whether this will be sufficient because, in effect, what Iran needs more than simple cash is the ability to do business normally with the international community. That's what the people want. That's what many members of the establishment, who have considerable economic interests themselves, would like to see.

And I think there's going to be the potential for a disconnect between the P5+1, who would like this ambitious initial step but a relatively modest offer in terms of sanctions relief, and the Iranians, who are chomping at the bit to see some money put on the table for everything that they perceive they have already done, much less any new concessions.

MS. COFMAN WITTES: So what you're saying, if I understand correctly, is that there might be agreement in principle on the sort of two-tier structure that Bob was talking about for an agreement -- an interim phase while working on a final deal -- but the devil is in the details on what that interim exchange of confidence-building measures looks like.

MS. MALONEY: The devil and the angel will be in the details. I think that, you know, as Bob has said, there does appear to be a

convergence on the pathway to a resolution. But the specific price, I suspect, remains open for debate.

MS. COFMAN WITTES: Okay. And here we get to, I think, one of the knottiest components of the multilayered game that is this negotiation between the P5+1 and Iran, which is sanctions and sanctions relief.

And, Ken, I want to turn to you as somebody who's spent a lot of time talking to other key actors around the region about their views on Iran.

We've heard just in the last couple of weeks -- again, since the Geneva talks seemed to kick off a great deal of momentum in this process -- some loud objections from Israel at the idea of significant sanctions relief, some real anxieties from Saudi Arabia about the direction these talks are taking and the idea of a broader rapprochement with Iran.

So what are the options for the United States and the P5 more broadly, who need all these guys alongside and who have counted on them for sanctions enforcement?

How much scope is there to offer meaningful sanctions relief without losing that leverage or burning allies?

MR. POLLACK: It's a heck of a question. And, of course, there are a lot of different allies out there, all of whom have roles in this.

And I could answer that question differently for almost each one of them, but I'll stick with the two that you mentioned particularly, the Israelis and the Saudis, Tami.

And I'm going to reverse the normal order that we do things. So typically, right, we give you the analysis and then we follow that with the recommendations. I'm going to flip that around, and I'm going to give you the recommendations up front and then I'll unpack the analysis.

And I think that the recommendations -- the answer to your question of what, Ken, should the United States do, is a fairly simple one. We should be as transparent with our allies as we possibly can, we need to consult with them, and we need to take into account all of their different concerns and fears as best we can moving forward.

And, of course, we share some of their concerns and fears, and in many cases our concerns and fears are really about concerns and fears about what would happen to them as much as it is about things that would happen to us or about other issues that we care about. I think that is the right answer, it turns out.

I think the analysis is somewhat more knotty, though, and I want to unpack that a little bit. Before I do each one in turn, I actually think it's very helpful to think about things in this way, and something that we have to be thinking about as well, which is that you can't just look at these

negotiations in and of themselves. You can't just ask is this a good deal or a bad deal in isolation from the larger questions that Tami was alluding to.

And one of the most important of those larger questions is, if we don't take whatever deal happens to be on offer, what do we do then? I think that's a critical issue for both the Israelis and for the Saudis.

And I will start with the Israelis, and I will say that in a not unsurprising fashion the Israelis are already thinking along these lines. I find very few Americans who are thinking about that question of what would we be willing to do if we didn't get the deal and how should that affect our thinking about the deal. I find that a lot of Israelis already are.

Now it's clear the Israelis are very nervous about what's going on here.

And, you know, I'll be very blunt. We're in a think tank. There's no reason not to.

The sense that I get from a lot of Israelis -- in particular, Israelis in this government -- is that they still do not trust Barack Obama. Okay.

They just don't believe that Barack Obama really feels the relationship with Israel. They think that this is a guy who wants a deal, and they are afraid he's going to go into those negotiations and he's going to give away the store. Okay.

And it just seems to be a very visceral kind of gut reaction on the part of a lot of Israelis. So they are clearly going to hold back.

Now you all heard Prime Minister Netanyahu's various points out there. They are, in some cases, kind of hair-curling. That's what happened to me, right?

It's not clear entirely what Bibi is up to. Is this just Bibi playing bad cop so that we can then be the good cop and ensure that we get the best deal possible? And I've had a lot of Israelis say to me that they think that's what's really going on.

But, by the same token, we've heard private conversations from Bibi Netanyahu, some of which have become public, in which he said, look, you know, the Americans don't get just how dangerous the Iranians are. And he's kind of made it clear that what he says about not being willing to accept a partial deal really reflects his inner unease with the Iranians.

And so it may be that Bibi really would prefer to only have the comprehensive deal and would not be willing, or would not want, to accept a partial deal. Okay.

All that said, the Israelis have to be very careful about how they handle this issue, and they have to be very careful about it for exactly the reason that I started with -- what happens if we don't get the deal?

If we don't get the deal because the Israelis kill it and everybody else in the world believed -- or everybody else in the world except the Israelis and the Saudis believed -- it was a good deal, that's Israel's problem. That's not Iran's problem. You will see international opinion turn against Israel and potentially turn against the containment of Iran. And the Israelis get that, and they can't allow that to happen.

By the same token, if we don't get the deal for whatever reasons and afterwards it turns out that the Israelis were playing this very hardline position because they wanted us to go to war with Iran -- wow! -- that would also be a killer for Israel's relationship with the United States.

The Israelis do not want to be in a position where they get blamed for an American war with Iran or they get seen as trying to push the United States into a war with Iran. The Israelis are very sophisticated about their own reputation here and about the importance of the U.S.-Israeli relationship. They don't want that to happen either.

And, beyond that, they also have to worry that if they wind up killing the deal and we wind up not going to war with Iran and containing a nuclear Iran instead, they've got to ask themselves the question, would it have been better to have gotten the deal, even a partial deal, because, again, I think the argument is -- I think that all three of us could make the case very staunchly -- that even if you have to wind up

containing Iran, containing Iran with even a partial deal is going to be a hell of a lot better than trying to contain Iran with no deal.

And so, for all of those reasons, the Israelis have to be very careful. They want to make sure that we get the best deal possible. They want to make sure that we give away the least and get the most from the Iranians. But they have to be very careful that they are not seen as the reason that the deal falls apart, and they need to make sure that if it does that it comes out in a situation where they are at least as well off as they are now in terms of containing Iran, constraining Iran's behavior and limiting the threat they feel from Iran.

Now Saudi?

MS. COFMAN WITTES: Saudi.

MR. POLLACK: All right. Saudi, in some ways -- and Saudi is the nice kind of bookend or the kind of contrast to the Israelis because the Saudis, I think, at some level are actually far more concerned about this deal than the Israelis are, but by the same token, they have less of an ability to influence us and what moves forward. It's not that they have no ability, but they simply don't have the same kinds of allies and friends and abilities to affect things that the Israelis clearly have.

But for the Saudis, what's important again if you start with my point about what happens if you don't get the deal I think it's very clear

the Saudis would prefer not to get the deal. Okay.

Unlike the Israelis who would be willing to take a very good deal and then have problems and concerns about they can't be seen as being the cause if the deal doesn't happen, the Saudis really don't want the deal because for the Saudis the Iranian nuclear program is only part of their much larger set of problems with the Iranians and, arguably, it's only a small part.

Their problems with Iran are the wider Saudi-Iranian war. If you want to call it a Sunni-Shia war, the Saudis would certainly agree with you; the Iranians would certainly disagree with you. But that's also what's out there.

There is a war going on all across the Middle East. It is often waged by Sunnis versus Shia. It is always being waged by proxies of the Saudis, or allies of the Saudis, and proxies or allies of the Iranians. And that's what the Saudis see going on in the region.

And what they are terrified of is that this deal is going to be either the end of America's involvement in that struggle against Iran or, worse still, the change in America's side in that war, that we will go from being on the Saudis' side to Iran's side.

Now I think most of the people in this room would think that latter piece completely irrational, but I cannot tell you how many Saudis

seem to believe that, and I'm not the only American or other Westerner who has heard the same thing from any number of Saudis and other Gulfies. A great many of them fear exactly that.

And so I think it's very clear that if the Saudis could have their druthers they would be glad to accept anything other than a deal. I think they'd love to have American support for some kind of a war with Iran, maybe a military strike against the Iranians, certainly greater help with the Saudis in waging this proxy conflict all across the region.

And that kind of works whether we get the deal or we -- sorry, whatever we decide to do once we don't get the deal. Where it really becomes problematic for the Saudis is if we do have the deal.

And I will say to you right now I am absolutely convinced that the reason that the Saudis turned down the seat on the Security Council was all about Iran, okay, nothing else. All the other reasons that the Saudis have raised don't make sense in their own time.

What makes sense is, I believe, that the Saudis rightly recognized that there was a pretty good chance that in the next two years, the two years when they would be on the Security Council, a deal or -- sorry -- a new motion would come before the Security Council to lift the sanctions on Iran.

And, if the Saudis were on the Council when that happened,

they would be faced with a disastrous lose-lose situation. Either they would have to vote for the lifting of sanctions, which thereby invalidates their whole policy and would, in their mind, hurt their own efforts to wage this war against the Iranians, or they vote against it and they are the 1 country against probably 14 others that would vote for it. And the motion would pass, and it would be clear that Saudi Arabia is completely isolated.

And both of those would be disastrous for the Saudis. I think that's why they made this decision.

I think that once they made that decision that they said, okay, we can use the decision to not to take the seat as a great way to kind of publicize our anger at the Americans for all of these other things.

And there is no question that they are angry at us for all of these other things, but I think that the Saudi pique is very real. Their concern about this deal is also very real.

But, to sum it up, again, the Saudis' ability to affect it is going to be much limited. Now that's not to say that they have no ability. There's a lot of other stuff that they can do. And I think that we should be at least alive to the prospect that they will do stuff to make it clear to us that they're no longer as willing to be as amenable to our interests, whether it be on the marginal price of oil or assistance in the counter-terror fight or intelligence sharing or their contribution to a whole host of other

American initiatives all across the world that the Saudis have typically helped out with but that really had nothing to do with Saudi interests, that were really just swaps to us in return for our help on their key issues.

MS. COFMAN WITTES: Ken, thank you.

If I understand correctly, what you're saying is that both Israel and Saudi Arabia have anxieties and interests that create a gap with the United States, but they don't want to be isolated either. They recognize that the international coalition behind the sanctions effort has been crucial to protecting their security thus far --

MR. POLLACK: Right.

MS. COFMAN WITTES: -- and they don't want to blow that.

Now, Bob, Secretary Kerry is embarking on a trip this weekend. He's going out to the region. He's apparently stopping in Riyadh.

And there's been a bit of a campaign by the U.S. government in the last few days to try and reassure and send some messages about American intentions in these talks. He was speaking to Ploughshares the other day, and he said, no deal is better than a bad deal.

So I wonder, given your experience, if you can help us understand from Kerry's perspective what does a good deal look like.

MR. EINHORN: Well, I'll tell you -- first, I'll tell you what a bad deal looks like and what the Israelis and the Saudis would consider a bad deal. A bad deal is one where we get partial constraints on Iran's program and, in exchange for that, we give away all of our leverage -- the leverage we would need to get a comprehensive deal that genuinely addressed our concerns.

The Israelis have been most vocal about that -- a fear that a near-term confidence-building initial step would cost us major sanctions, that to get that we'd have to give up major oil and banking sanctions, and we'd have no leverage to go beyond a pause in their program to deal with our concerns.

I don't think that's at all in the intentions of the Administration, of Secretary Kerry or of any of the P5+1 governments. I know it's their intention if there is to be an interim first step to pay a reasonable price but not an exorbitant price -- one that does not surrender the major leverage we're going to require.

Now what is a good deal? Prime Minister Netanyahu has given us his definition of a good deal. It's one that bans enrichment permanently in Iran. It's one that takes all enriched uranium and exports it out of the country and that dismantles both the enrichment facility at Fordow and the heavy water reactor at Arak.

It would be nice if we can get that deal. That would be a great -- not a good deal. That would be a great deal.

The problem is we're not going to get that deal. For reasons that Suzanne could elaborate on, it's just not going to work in the domestic Iranian scene.

They have very successfully, over the last few years, framed this issue as a matter of rights and justice, and they claim to have a right under the non-proliferation treaty to pursue enrichment. And this has become embedded in the Iranian psyche as a question of justice and rights and of the West and of the United States seeking to deprive them of their rights.

I see no way that they're going to give up enrichment altogether, and they've said that. Just yesterday, Deputy Foreign Minister Araqchi said that we will insist on preserving our enrichment program, but we are prepared to negotiate the dimensions of that program.

And I think there could be a good deal, to get back to your question, which allows Iran to have a very limited enrichment program, limited in size, heavily monitored by the International Atomic Energy Agency, that limits their capability to break out, you know, quickly and get a nuclear weapon. I think that is possible. I think that would be an acceptable deal, a good deal. It would protect our interests.

It would also have to deal with some of these others. This heavy water reactor in Arak -- it would have to either dismantle it or neutralize it in terms of its breakout potential.

We would have to deal with this underground enrichment facility at Fordow, which I think was designed as a covert program for nuclear weapons production. It makes no sense for Iran's civil nuclear energy program, and so I think it has to either be dismantled or its potential for use in a nuclear weapons program has to be completely neutralized in any agreement.

But I think there is the possibility of a good deal that involves a domestic enrichment program.

And one has to compare a good deal not against the ideal deal, the perfect deal, the one that Prime Minister Netanyahu would like to call for. One has to compare it against the realistic alternatives.

And, when you compare it against the alternatives of use of military force to destroy the Iranian nuclear facilities or if you measure it against the outcomes that would result from an active effort to change the regime in Iran, I think you find that this good deal that I've described is better than the alternatives.

MS. COFMAN WITTES: Bob, in your experience in the talks as a central negotiator for the United States in the last several years,

which sanctions had the most impact on Iran's willingness to deal seriously at the table? Which sanctions got the most leverage for the P5+1?

MR. EINHORN: There's no question about this. This was in 2011 and the oil sanctions. It's a combination of central bank and oil sanctions.

You know, Iran derives most of the income for its national budget from oil -- sales of crude oil.

And what happened with these oil sanctions was that the European Union discontinued all purchases of Iranian crude. We, the United States, went around the world encouraging other major purchasers of Iranian crude oil to cut way back, and many of them went to zero. China, India, South Korea, Japan, Turkey and South Africa cut way, way back.

The result of these cutbacks in purchases meant a drop in oil revenues for Iran of well over 50 percent. And, in a government that depends so heavily on oil revenues for their national budget, this was devastating.

But there are others. The financial sanctions had an impact; no reputable international bank will deal with Iran, which has had a devastating impact on the Rial and their currency, on their ability to import,

on key manufacturing sectors like the auto industry which has suffered a 40 percent reduction in production.

So all of this taken together has been devastating, but I think the oil sanction was the most telling.

MS. COFMAN WITTES: Okay, now Suzanne, going back to what you were saying earlier about the public pressure and what the Iranian public is looking for when they judge the effectiveness of their president in this new approach, the oil sanctions have a crucial effect on the Iranian government and its revenues, but it seems like the banking sanctions are the ones that get to the point you were making, that people want to be able to do business with the outside world. How would you evaluate those two sets of sanctions?

MS. MALONEY: Well, I think there's been a cumulative effect over at least six or seven years since this strategy of slowly severing Iran's connections to the international financial system has been implemented by the United States. It has been incredibly and very subtly powerful in the sense that I think the Iranians didn't appreciate how successful it would be.

They anticipated throughout the discussion of the possibility of central bank sanctions, for example, that the United States and other international players would be constrained in their implementation of the

sanctions precisely because of the fear of removing Iran's exports from energy markets.

What they didn't appreciate was how much energy markets have changed and how North American production and additions from Iraq, from Libya and also expanded Iraqi production, in fact, cushion the blow, and there was no sizeable increase in the price of oil or the price of gasoline that Americans and Europeans pay at the pump as a result of these incredibly severe sanctions that have knocked 1.2 million barrels a day out of the markets and cost Iran those revenues.

So they were surprised, and I think that even despite 35 years now of experience with international financial pressure they didn't anticipate just how powerful these would be.

Iranians, at an establishment level, have made clear what they're looking for is some relief on oil and finances. I was most interested in the fact that a senior, or a well established, journalist associated with one of the more powerful conservative papers explicitly told a New York Times reporter, we want to get back into SWIFT; we want to get back to the international financial clearinghouse for clearing payments electronically -- that this is what they're looking for.

You know, I don't know precisely what they're going to be willing to settle for, but this idea that has been circulated by the

Foundation for Defense of Democracies as part of a broader plan for expanding pressure on Iran's economy, by which Iran would be induced to cooperate through targeted release of some of its assets that are frozen abroad, I suspect will be insufficient to persuade the establishment that, in fact, there is a new path on the American side. They feel they've gone a long way already toward demonstrating that they're prepared to do something very different than has ever been possible from the Iranian side.

They still really don't believe, and there still is a real deep distrust, that President Obama is capable of providing real sanctions relief, that the U.S. Congress will go along, that other influential actors internationally will go along. And so this is one of the hedges, I think, on their own negotiating position -- that they want to be convinced and they deeply need to be rewarded in order to sell a deal at home. And it probably will require more than cash to do that.

MS. COFMAN WITTES: Okay. You know, all of you have discussed the importance of the international cooperation behind the sanctions effort in really having impact.

Now part of the discussion over the last couple weeks has been a bill passed by the House over the summer, now under consideration in the Senate, to add unilateral financial sanctions.

And those supporting this effort say: Well, sanctions have worked so far. Why not turn the screw further and put more pressure on Iran? And that will bring them to an even more moderate position in the negotiations.

Ken, can you walk us through the politics here?

MR. POLLACK: Well, I wish we had Tom Mann up here, but in lieu of Tom or Bill Galston I will try as best I can.

First off, let's start a little bit with the substance, which is there is this unmistakable point that Tami alluded to, that Suzanne was commenting on, and Bob before that, which is that sanctions are what got us here, that ultimately what really seems to have brought the Iranians around and, I think, contributed to Rouhani's victory in Iran back in May -- sorry, back in June -- has been the impact of the sanctions and the desire of the Iranians to have those lifted has brought them back to the table with a newfound seriousness. Okay. And that's unmistakable.

But, Tami, as you pointed out, there are different theories about what to do now, about what role the sanctions ought to play in these negotiations, and a lot of this depends on how you think that the Iranians will respond to the sanctions. And, as always, we have to be very careful about that because at the end of the day we don't know how the Iranians are going to respond to new sanctions.

I think there's an argument to be made -- I think it's a very well founded argument -- that if the United States were to pass new sanctions against Iran in the midst of these negotiations that it would look very much like an affront to Rouhani, that the United States was simply trying to be gratuitous, that this would play into the hands of the hardliners who would use it to undercut Rouhani as a way of saying: Look, the Americans clearly aren't interested in doing a deal. They just want to squeeze until the pipes squeak, and that's ultimately what this is all about. And you're clearly not delivering because, far from actually being able to show the progress that Suzanne was talking about, the Americans are going in the opposite direction even as you negotiate with them.

MS. COFMAN WITTES: So the softer version of that argument is not that the Americans are determined to squeeze us until we scream, but Obama can't control his own Congress, and so he's not going to be able to deliver on a deal.

MR. POLLACK: I think that's also part of what's going on. My guess is that Zarif and Rouhani would probably draw that conclusion. My sense of the hardliners is that they're often not quite so nuanced about these things. But, you know, the bottom line is the same, ultimately.

There's another argument out there to be made that, as you point out, that it will only help, that a whole bunch of sanctions got us to a

point and more can only be better, that it will make the Iranians more willing to compromise, that it will force greater concessions, that maybe we get the deal that Bibi would like, that Bob pointed out would be the great deal, and maybe that's how you get the Iranians to that perspective.

I think there's another argument to be made that it simply has no effect whatsoever -- that we pass sanctions now and the hardliners are where they are and they continue to bellyache; and Rouhani continues to say, look, that has nothing to do with what's going on, I need time; and maybe the Supreme Leader says, yeah, I agree to give you time, let's see what the deal looks like, if we get the sanctions repealed, we can get the new sanctions repealed as well.

At the end of the day, we don't know the answer.

My argument has been consistently, why bother? You know, why find out? The sanctions have gotten us -- this degree of sanctions has gotten us exactly what we wanted, right? It has gotten the Iranians to the table, negotiating in a serious fashion, in a way they never have before.

Now it may be that this degree of seriousness, this degree of sanctions, won't be enough to push us over that final goal line. And, if that's the case, maybe it would require additional sanctions in the future to bring about greater Iranian seriousness than they've shown even so far.

But my feeling has always been we've got time for that. We can always pass new sanctions if it becomes clear in the next round, or the round after that, that the Iranians really aren't serious enough at this point in time.

And I think that the different perspectives that I've just laid out are all naturally situated somewhere in our Congress because there are very different views across there.

I think the problem that the administration faces and the problem for those of us who'd like to see these negotiations work, of course, is that what we've consistently seen is that there is a group of people within the Congress who believe very fervently in the argument that you have to just keep squeezing as hard as you can, that maybe you can get the ultimate deal if you just squeeze hard enough, and therefore, we're going to just keep ratcheting up the sanctions, and everybody else in the Congress sees no particular reason to vote against it. Right?

The truth of the matter is that the administration has consistently opposed virtually all of the other sanctions bills that came out, and now the administration is embracing those and saying it was the sanctions that got us to this point.

And for a lot of other people, their domestic constituents don't know a whole lot about Iran, but what they know about Iran they

don't particularly like, and so it makes it easy to vote for.

I think the challenge for the administration -- and I think here the administration is just starting to rise to that challenge, but they are starting, and that's a good sign -- is they're going to have to go into the Congress and to say, just give us some time. And they are starting to make that argument, and I at least see that as being an argument that is beginning to take hold, that there is more time to impose greater sanctions if we need to do so. I certainly hope that's the case.

MS. COFMAN WITTES: Ken, thanks.

Bob, I have to ask; do you think that that's a fair assessment -- that the administration comes to Congress now with a bit of a credibility gap on sanctions, having opposed these earlier efforts?

MR. EINHORN: Well, there's always been a negotiation between the administration and the Congress. Congress always comes in with some very, very tough sanctions. The administration -- any administration -- will want some flexibility.

The administration has to look out for its sanctions partners, the broad international coalition, and we don't want to be penalizing our partners. We want to be penalizing Iran. And some of the sanctions that the Congress has proposed would hurt our partners more than Iran.

So there's always a negotiation here, and I think we've come

out in the right place on most of the legislation and the Administration certainly has implemented sanctions conscientiously and effectively.

I think there's another reason for not adding on new sanctions at the moment. The P5+1 and the United States don't want to be seen as the intransigent party. So far, Iran has been seen as the one not interested in a serious negotiation, and that has helped build broad international support for sanctions. But, if it looks like we're not really interested in a deal and we just keep loading on sanctions, then that could shift.

The Iranians will look as like they're the reasonable party. They've been working very hard in their public diplomacy to convey that impression. And sooner or later the sanctions regime will begin to unravel. If that happens, we're not going to have the leverage we need to get a good deal.

MS. COFMAN WITTES: Thanks.

You have been a very patient and engaged audience, and I want now to open up the conversation to include you.

Let me ask you two things as we prepare for this Q&A portion. Number one, when you get the microphone, please identify yourself. And, number two, please make sure it's a question, and that's a question, singular. Okay?

Why don't we start right there? The gentleman in the yellow tie, yes.

SPEAKER: Thank you very much.

My name is Cornelius Adebahr. I'm with the German Council on Foreign Relations.

Rationality tells us that a deal would be the best outcome of this, of course. But, forgive me for saying, when I hear you talk, one could get the impression that we, the P5+1, now might want a deal more than Iran wants.

So I'm asking you for an assessment. Who wants the deal more now in this particular situation, and who would be worse off if there would be no deal?

Thank you.

MS. COFMAN WITTES: Okay. Who wants to take that on?

MS. MALONEY: I'll start, but I know both Bob and Ken will have more to say on this than I could possibly do.

I think we may be at a point approaching some parity. There are powerful incentives that Bob and Ken will speak to on a technical timeline that certainly drive the urgency from the international community, but for the first time the Iranians are very keen for a deal not just because of the political theater of hardliners versus Rouhani and his moderates but

simply because the economy demands it. I think there's no other explanation for what has happened within Iran over the course of the past six months, much of which was unanticipated by anyone, including most of the Iranians that I know.

The economy is in a state certainly better in some respects than at previous points of crisis -- during the Iran-Iraq War, for example -- but in a state that the leadership has recognized is unsustainable over the long term. And they're looking to get a deal now as quickly as possible in order to staunch the bleeding and in order to deal with the structural problems that are really at the root of Iran's troubled economy. I think that that is a really powerful incentive.

The fact that there are reports circulating that suggest that Iran may have as little as three months of import cover in terms of its foreign exchange balance; I think that may be overly dire, but it is quite true that there is a genuine financial crunch because of the inability to be paid in transferrable foreign exchange for the continuing exports of its oil and as a result of the vast reduction by at least 50 percent in the exports that it is able to maintain.

So this is an enormous impetus for the Iranian side, and I'll leave it to my colleagues to talk about the international side.

MR. EINHORN: I think one of the unique features of the

current situation is the symmetry of incentives by both sides. In the past, often one side or the other had greater need to come to the negotiating table and reach an agreement. I think at the moment both sides are interested, and that's why this is a real opportunity.

Suzanne mentioned some of the economic drivers on the Iranian side. On P5+1 and the U.S. side, as I mentioned before, I think we're at the verge of a leap forward in Iran's nuclear breakout capability, and I think we have a big incentive to try to halt their movement toward the breakout threshold.

MS. COFMAN WITTES: Ken.

MR. POLLACK: I'll make two quick points.

First, just to piggyback off of Bob's point, it's been the history of U.S.-Iranian relations that at different points in time one country was interested in some kind of rapprochement, some kind of a deal, and consistently the other wasn't, and I think this is perhaps the first moment in that 34-year history where both of us are now interested. It would be such a tragedy to miss that opportunity although I fully recognize we may well miss it, and we may well miss it because while both sides are desirous we may not be able to finally cross that last gap between us.

But the other point that I'd make is that right now I actually think, Cornelius, you're right that in this room, and certainly on this dais,

we're very enthusiastic about it. And I think that's also true for the Administration, but I think, generally, the U.S. -- the U.S. Government -- is actually less desirous in the short term.

Right now, the current American situation I think many Americans feel is perfectly sustainable. The Iranians are under a lot of pressure; us, less so. We've got a lot of problems in the Middle East; the Iranians, not so much at the moment.

But what I would argue is that that will change very quickly and that over the long term we really do need this for the point that Bob made.

I, too, am very concerned that sanctions are unsustainable at this level for the long term because of where Iran will go, because of what could happen internally in Iran if Rouhani is not rewarded for his efforts, if the hardliners are able to say, you made this big opening to the Americans and the Americans turned around and screwed you.

And for a half-dozen other reasons, I think over the long term we have an amazing opportunity, and it behooves us to try as best we can to take advantage of it.

MS. COFMAN WITTES: Thank you.

Let's take two questions here in the front. Yes, sir, in the second row and then Gary Mitchell in the front row.

SPEAKER: Hi. Judd Harriet, documentary filmmaker. My question concerns what happens if we don't get a deal.

Iran is a poor country. If it has a bomb, it will be a poor country with a bomb. Now, if it fails and the power shifts to the hardliners and Iran makes a sprint to the nuclear finish line and gets a bomb, how is that really going to change the nexus of power in the Middle East?

MS. COFMAN WITTES: Thank you, and if you could just hand the microphone to the gentleman right in front of you.

SPEAKER: Thanks. I'm Garrett Mitchell, and I write the Mitchell Report, and I've got three questions but, first, a long statement that I'd like to make.

MS. COFMAN WITTES: I'm going to limit you to one.

SPEAKER: You've not mentioned specifically the IRGC, but you've used the term, hardliners, a lot. And I guess my question is, looking at the domestic politics in Iran, I'm curious to know where you see the IRGC on this specific issue now and particularly, if I'm correct, because not only do they have sort of philosophical reasons for that but they're the only people making money in Iran these days with the sanctions.

So an IRGC perspective would be helpful. Thanks.

MS. COFMAN WITTES: Thank you.

Suzanne, why don't we start with you?

MS. MALONEY: On the first question, I'd note I wouldn't actually describe Iran as a poor country. I'd describe it as a rich country that has done a really bad job of managing its resources. And it's not just about the sanctions. It's about everything that's happened over the course of the past 34 years.

So this, to me, is the great tragedy of Iran, and it would be compounded if we don't get a deal -- that Iran today is a country that is marginalized, that is isolated, a country where tourists fear to go, a country that can't do business with almost any other state on Earth in anything like a normal way. You can't get a letter of credit. You can't import or export in any sort of easy fashion; it involves carrying buckets of cash around the world.

Iran could have been South Korea. Iran could have been Turkey. Iran could have been a thousand other countries in the emerging markets that have grown by leaps and bounds, that have really made the most of an incredibly well educated population and a diverse resource base.

And, instead, Iran is a sort of joke on Saturday Night Live and a threat for much of the international community.

I hope that a deal will begin the process of rehabilitating Iran.

It is certainly not the end to our problems with the policies and behavior of the Iranian government, but I think it would provide a major opening for all of the other issues that we need to deal with Iran with respect to -- and I think it would enable the Iranian people to begin to benefit and begin to take advantage of all that the world has to offer.

In terms of the Revolutionary Guard, it is a large and relatively diverse organization. It has become, I think, code in Washington for hardliners. There are certainly hardliners at the helm of the Revolutionary Guard. There are certainly many who have benefitted economically as a result of the isolation and closure of Iran to most reputable foreign investors.

There is no doubt in my mind that Rouhani has both the ability to influence that constituency and has greater traction and credibility with the Revolutionary Guard than, in fact, he is often credited for. They're perceived to be an inherent enemy, and I think that's not in fact the case.

But, obviously, there are many constituencies within Iran who are both mistrustful about the possibilities of a deal and are disinterested in seeing any sort of rapprochement or change in the current situation, and he's got a lot of enemies to deal with as he tries to push forward what would be a consequential change. That has been the case at all prior periods of change within Iran.

And, in each previous case, whether it was President Rafsanjani, President Khatami or even President Ahmadinejad who was, in his own way, revolutionary, the presidents lost, and the establishment won. The hardliners won.

It's not clear to me, you know, if Rouhani can win, but I think he is better positioned to so because he effectively leads a national unity government, one with broader support at both the popular and the elite level than any prior Iranian government.

MS. COFMAN WITTES: Thank you.

Bob, I want to come to you in just a minute to talk about how, as a policymaker, you work for negotiating success while planning for failure because I think that's always a dilemma.

But, Ken, I wonder if you can just address the question about how would a nuclear Iran change the balance of power in the Middle East. There are a lot of people who say, well, it's not an existential threat to the United States. But does that mean it wouldn't have an impact on power relations in the region?

MR. POLLACK: Of course, it would.

And, Judd, my first answer to you is, boy, have I got a book for you.

(Laughter)

MR. POLLACK: It's called *Unthinkable: Iran, the Bomb and American Strategy*. That is what the entire book is about and also about how that then should affect our thinking about this deal.

But you're asking exactly the right question. What I do in the book is to go through and ask exactly that question -- what would it mean? How would it change things?

And I think there's no question it would change the dynamics in the Middle East, and it's hard to get away from the conclusion that it would make things worse.

The question is, really, by how much? By how much and how much could we mitigate it?

And that's what I really try to talk about in the book because it's not clear-cut and there are different ways to think about it.

My own answer is not by enough to make it worth going to war to prevent it but enough to make it worth going the extra mile to try to get the deal to prevent it.

MS. COFMAN WITTES: Thank you.

So, Bob, how do we do this?

MR. EINHORN: Well, you know, if success in negotiations is Plan A, you always have to be thinking about Plan B -- failure of negotiations. And the Administration has been doing that, looking at the

prospect of Iran moving down the track toward a nuclear weapons capability.

What would you do to prepare for that? Well, you'd want to strengthen U.S. capabilities in the region. You'd want to strengthen your defense cooperation with your partners in the region. But it turns out -- so this would happen if you fail in the negotiations.

But it turns out it also provides an incentive to Iran to negotiate seriously because if one of their objectives is to exercise much greater influence in their region and they see that their actions are provoking counteractions and strengthening the defense capabilities of their neighbors, then this will give them additional incentive to negotiate.

So you're looking at Plan A and Plan B at the same time, and they, in a way, reinforce each other.

MS. COFMAN WITTES: Fascinating.

Okay, additional questions. I see a hand in the back on this side. Yes, right there.

SPEAKER: Thank you. Dean Rust, retired State Department.

Mr. Einhorn mentioned the possibility of a jump in capabilities that the Iranians could achieve over the next six months, and we've talked about a possible only one-month notification before a

breakout. If we reach that point and negotiations have not yet been successful, what are going to be the pressures for the President to turn to the military option, and the Israelis for that matter, too -- because while Mr. Pollack says he doesn't think the Israelis want to drag the United States into a war they certainly have created the impression that they're prepared to if they conclude that negotiations have not been successful and Iran has reached a point where it can easily and quickly acquire a weapon.

MS. COFMAN WITTES: Right. So how do we know when to declare failure and give up?

MR. EINHORN: Let me address Dean's point. It's true that if there's not progress in negotiations these steps could be taken by Iran to shorten the breakout capability, but my impression is that the administration's final deal will want to roll back significantly that capability.

So it's not as if they make some progress and you have to accept that as your baseline. I think a final deal would have to substantially reduce the enrichment capacity, for example, that Iran has today even to a rather low level. It would also want to scale back the potential proliferation threat, the breakout threat, from the Arak heavy water reactor as well.

So I'm sure the administration wouldn't take it as a given, that they've made this progress; well, we can't -- you know, we're just

going to have to live with that.

MS. COFMAN WITTES: Ken, you wanted to add?

MR. POLLACK: I just wanted to add a point, which is I think we really can box ourselves into corners with these timelines because these timelines are actually a lot softer than people make them out to be.

And the truth is when you look at the course of disarmament we have had countries give up their nuclear arsenals. Alright? Whether Iran would or not is a different question, but certainly it is the case that until Iran weaponizes, until Iran tests a nuclear weapon, my feeling is as long as the negotiations are making progress you keep them going.

But, for me, the issue of when do you declare that the process is dead is when the negotiations die, not based on what the Iranians are doing on their technical side.

MS. COFMAN WITTES: So, as long as they're still willing to come to the table and engage substantively, we keep it going.

MR. POLLACK: Right, and that last word is the most important one -- the substantive part. We have to be trying to judge this for are they just stringing us along. That's what they were doing, I think at least, before this. And if that's the case, then the negotiations are dead and we need to move to Plan B.

But, if we think the Iranians are negotiating in good faith, if

they are making real concessions, this other stuff is going to happen.

Okay. We know it's going to happen.

We all haven't talked about the Iranians are also actually doing things to try to demonstrate their desire not to cross our redlines and not to cross the Israeli redlines. That's also important, and that's another sign of how serious they are about this.

So I think we have to keep focused on are the negotiations making real progress and less about exactly how far along are they and are they a day away or a week away or a month away or a year away.

MS. COFMAN WITTES: I think this begs a question, Suzanne, about what would the scenario be inside Iran if we saw Rouhani and Zarif losing their scope to pursue this process, if the danger that you were talking about occurred. They're not going to boot him out of office. They're pretty good about having regular elections however managed a process they may be. What would be the signals that the window is closing on the Iranian side?

MS. MALONEY: I think the signals would probably be things that we've seen before. First, you'd have negotiators coming to the table unwilling to talk about the nuclear issue at all, which, as I understand it just from press reports, is what happened during the Ahmadinejad era -- if you saw a sea change in the way that the Iranians approached the talks, if

they were unwilling to send the required technical experts.

What you would see domestically is not just stepped up criticism but real hardline harassment. The sort of thing that you saw during the early years and, frankly, throughout the Khatami presidency, were ministers when they went out on the street were physically harassed, where institutions associated with the presidency were either shuttered or in some way prevented from operating, where there were efforts taken at every step to kind of close options for the president, the office and the institution itself.

I don't think we see anything like that today. What we see is some critiques coming from the anticipated places, the hardline media and some within the military establishment. But they have been relatively, I would say, not hard-hitting precisely as an indicator, I think, that Rouhani himself has been clearly invested with this authority and that Iranians, broadly speaking, are hopeful that in fact a deal can be done.

MS. COFMAN WITTES: Thanks.

Anything to add?

MR. EINHORN: No.

MS. COFMAN WITTES: Okay. Yes, in the center on that side. Yes.

SPEAKER: Hi. My name is Melissa. I'm with the Project on

Middle East Democracy.

My question is in regards to human rights in Iran. I was wondering what role you think a nuclear deal would have on Rouhani's ability to implement domestic reform and address the human rights issue.

MS. COFMAN WITTES: Interesting question, Suzanne.

MS. MALONEY: Melissa, thanks for asking the question because, you know, the one positive element of Rouhani's election was that for a few moments we actually got to talk about Iranian domestic politics in a way that didn't always invoke the words, "nuclear" and "war."

And, as you know and as many others here in the room know, there are a wide variety of issues that concern the Iranian people about their own government that go well beyond the nuclear issue, and those are issues that also concern the international community and the U.S. Government as well.

There is, of course, a tradeoff to be had. There are some who argue that a nuclear deal would, in fact, empower and re-legitimize a government that has effectively lost legitimacy over the course of the past 34 years and that we need to hold any deal to the highest standard for that reason and because of the implications on the domestic environment in Iran.

I think the fact that you've seen political prisoners signing

letters advocating for a reduction in sanctions, the fact that you see reformists reluctantly at first supporting Rouhani and his efforts, first to be elected and now to negotiate a deal, suggests that Iranians by and large understand that if the security environment improves, if Iran no longer perceives itself to be under imminent threat from the international community, if in fact Iranians can come and go more regularly in their international travel and their international business, that the domestic environment will improve, that human rights treatment will improve and that Rouhani will have a freer hand, in fact, perhaps to make good on some of the implicit promises of his election, including some measures to deal with the case against the two candidates from the 2009 election -- Mahdi Karoubi and Mir-Hossein Mousavi -- an issue that still, I think, ranks very high among Iranians as well as the question of the status of many other political prisoners.

I think it's important to remember, as many here know, Rouhani himself is not a reformist. He's a moderate, really a conservative in his heart. And he will need to face continuing pressure from the Iranian people if we're going to see progress on these issues.

So long as the focus of the international community's concerns remains on the nuclear crisis, we don't have as much time and bandwidth to spend on human rights issues. And I think for all these

reasons it would be a really positive dimension if, in fact, there's a nuclear deal for spending more time on the issues that concern ordinary Iranians.

MS. COFMAN WITTES: Thank you.

Up front here, why don't we take the third row and the second row in turn?

SPEAKER: Thank you very much. Benjamin Torr, retired diplomat.

How does the panel interpret the contacts between Israel and the IAEA?

I think Israeli President Shimon Peres met with the IAEA outside Israel and Director General Amano of the IAEA has been to Israel. These contacts seem to be intensifying. And do you know anything of the content?

Thank you.

MS. COFMAN WITTES: Thank you.

And then in the next row, yes.

SPEAKER: Yes, Hugh Haskell from the Institute for Energy and Environmental Research.

We've been talking, and I think most of the conversations I've heard on this subject about Iranian enrichment assume that once they get the enriched uranium then they'll go about building a bomb, but those

don't have to happen in serial. They can happen in parallel. I wonder if anybody would like to comment on whether they're actually doing any kind of parallel engineering.

MS. COFMAN WITTES: Thank you.

Well, Bob, you were just in Israel. So do you have any insight on this question of Israel and the IAEA.

MR. EINHORN: Was it Israel and the IAEA or Iran and the IAEA?

SPEAKER: Israel.

MR. EINHORN: Yeah. The --

SPEAKER: But I'd be interested in --

(Laughter)

MR. EINHORN: Yeah, yeah. The Israelis have been somewhat wary of the IAEA because the IAEA does inspections of nuclear facilities and whereas the IAEA has access to a safeguarded facility in Israel, the Soreq reactor, it hasn't had access to Dimona where Israel is suspected of having produced plutonium for its nuclear weapons. So there's been a kind of arm's length relationship between Israel and the IAEA, and that will remain the case for a while.

On Iran and the IAEA, you know, the Director General of the IAEA, who is actually in Washington today, Amano --

SPEAKER: Yeah, I was asking about Iran and Israel.

MR. EINHORN: The relationship between Iran and Israel, yeah.

I mean, well, of course, I don't have to say very much. I'm sure everyone in the audience knows that that's a very wary relationship, a very distrustful relationship.

It wasn't always that way. You know, over 34 years ago, it wasn't always that way, but it is now.

No, I was just going to comment on what Amano is doing with the Iranians. The IAEA Director General believes that Iran previously engaged in nuclear weapons-related activities in the past, issued a report with all kinds of evidence of that and has been trying to investigate in Iran to get to the bottom of these concerns.

Iran and the IAEA have had 11 rounds of discussions and have gotten nowhere until apparently this week. There was another round earlier this week in which they say there were very productive discussions, but there were very productive discussions apparently on the modalities of inspections to try to resolve these concerns. There is not yet agreement apparently on actual arrangements for inspections to get at the bottom of this.

So, yes, there's some progress, but I think there's a lot of

work to go and this issue isn't going to be resolved.

There are two parallel tracks. One is the P5+1 with Iran. The other is the IAEA with Iran, to deal with some of these concerns about past activities. I think both of these tracks have to be resolved, but they're operating separately for the time being.

On your question about the -- yes, you can enrich uranium for a nuclear energy program to generate nuclear power, to do nuclear research, or you can use it to produce weapons-grade uranium for a bomb.

What the P5+1 is trying to do is to ensure that any enrichment program in Iran will be devoted exclusively to peaceful purposes and that we'll be able to detect immediately any effort by Iran to divert to a weapons purpose and that there will be a substantial period of time between that diversion decision and the production of bombs for the international community to be able to intervene and stop Iran. That's the purpose of it.

But it's a dual use technology -- is the problem.

MS. COFMAN WITTES: Do we have any information on Iran's work on developing delivery systems and the other pieces that they would need to have a weapon they could use?

MR. EINHORN: We have a good deal of information about

Iranian efforts in the missile area. They have a broad range of missiles of relatively short and intermediate ranges, missiles capable of reaching anywhere in the region, including Israel, and this gives the Israelis a tremendous amount of concern.

They've done some work on technologies applicable to long-range missiles, even ICBMs. They do this -- the development and flight testing of these rockets under the guise of a civilian space launch program -- the ability to boost satellites into space for civilian purposes. But I think there's widespread suspicion that what they're really trying to do is to develop the technological base to have a long-range, ICBM-range missile delivery capability. So they've moved forward, clearly, on that front.

MS. COFMAN WITTES: Thank you.

You know, Ken, I think this discussion about Israel also raises some statements we've heard from Israeli officials in the last few weeks about Israel's congruence of interests with the Arab States of the Gulf and that it has more in common with other regional actors now than it ever has before. So is Iran uniting the rest of the region?

MR. POLLACK: To a certain extent, I think they are.

I think that we also have to be -- you know, as Suzanne rightly likes to remind us regularly about the diversity of views within Iran, we also have to be aware of the diversity of views within the Arab World.

And I think when the Israelis talk about their new friends in the Arab World what they're really talking about in particular are the conservative regimes of the Arab Worlds. Israel has continuing issues out there with a whole variety of countries, but the fact of the matter is the Saudis, the Gulf States, obviously, the Jordanians. The Jordanians have had wonderful relations with the Israelis for a long time.

But they are finding a new congruence of interests with the Israelis, both in terms of Iran and also with the wider instability in the region, both of which both groups see as threatening to them. And, of course, in many cases, they see it as part and parcel of the same thing, with many of the Gulf States blaming a lot of the instability on what the Iranians are up to.

I think you are seeing a lot of tacit cooperation between the Israelis and the Saudis. And there are Israelis who like to, I will say, tease us that they now speak to the Gulf States more frequently and more freely than we do, and they may not be wrong about that either because there certainly have been some real tensions between us and the Gulf States and, obviously, with us and Israel as well.

That said, I think it would be a mistake for the Israelis to believe that they have a newfound strategic relationship with the Arab States. There is a congruence of interests. It is unclear how durable that

is.

And we should never forget that Saudi King Abdullah, who is vehemently opposed to whatever the Iranians are doing anywhere in the region, is also just as vehemently in favor of a Palestinian-Israeli peace deal and wants that to happen too.

And so I think the Israelis would be wrong to think that this newfound congruence of interests on Iran and the wider instability is going to give them a pass on all the other issues that have divided them in the past.

MS. COFMAN WITTES: Thank you.

All right, I think we have time for another one or two questions, and I see one right there at the halfway mark and then one in the second row here. So we'll take those two.

SPEAKER: Hi. My name is Shad Horashi. I'm a Middle East student at Johns Hopkins University's Advanced International Studies Program.

I was at a panel recently with the Council on Foreign Relations members, and they were discussing how Iran can't be that well trusted in the negotiations because the identity of the Islamic Republic is based on the Great Satan in the first place and how, because of that, we can't trust the negotiations.

You guys are more hopeful than that panel was. How would you counter-argue their points?

MS. COFMAN WITTES: Okay, and right here in the second row.

SPEAKER: Thank you. Poe Nijah with ISIS.

I apologize in advance for the overly simplistic approach to this, but -- what do you see as possible redlines for both of the sides? What would make them walk away from the negotiating table?

MS. COFMAN WITTES: Okay, great. The reason that you saw us giggle up here is I think we have to be -- for the sake of transparency, the Council on Foreign Relations expert on that panel was Ray Takeyh who just happens to be Suzanne Maloney's spouse.

(Laughter)

MS. COFMAN WITTES: They're both Iran experts, but that doesn't mean they always agree.

SPEAKER: Maybe it was Steven Cook or somebody else.

MS. COFMAN WITTES: Okay. Why don't we start with the ISIS question on redlines, which I think is a really good question. What would cause the U.S. or the P5+1 to give up and walk away from the table and the same thing on the Iranian side?

MR. EINHORN: I think it would cause -- I don't know about

all the P5+1, but it would cause the U.S. to basically say we failed if Iran insisted on an unfettered capability to produce, you know, enriched uranium or to run its reactor at Arak which is capable of producing plutonium. If they're not prepared to accept very rigorous constraints on those programs, I think the U.S. would consider it a failure.

From the Iranian perspective, I think if the P5+1 insisted on some of these maximalist demands -- you know, dismantling of these big facilities, totally abandoning their enrichment program, exporting every gram of enriched uranium out of the country -- I think they would consider that to be a failure.

MS. COFMAN WITTES: Thank you.

And, on the question of can the Iranians be trusted?

MS. MALONEY: Yeah, I don't know precisely who might have said that.

(Laughter)

MS. MALONEY: But you know, look, there are plenty of reasons for mistrust on both sides. And I think you heard the U.S lead negotiator, Under Secretary of State Wendy Sherman make reference to this when she testified before Congress a few weeks ago and said something about deception being in the Iranians' DNA, a statement that has been thrown back by a number of conservative publications in Iran as

evidence that the United States is incapable of negotiating in good faith.

I think what we have is a trust gap that runs very deep on both sides and has a certain degree of justification from the perceptions of all players on both sides.

You don't have to be a hardliner in Iran to believe that Iran has been mistreated by the international community and that this regime is the focus of efforts of subversion by the American government in particular. That is a widely shared perception.

And, in Washington, you don't have to be the Under Secretary of State to believe that, in fact, Iran has not played it straight at the negotiating table on the nuclear issue or on any number of other issues over the course of the past 34 years.

So we have to overcome that mistrust gap, and we have to do it in an environment that is pretty challenging on both sides, where there are contentious domestic politics that in fact require various officials to go speak to hardline constituencies and reassert their bona fides. That is going to be a really difficult challenge to overcome, particularly with a short time frame.

I think it's viable. I think it's doable. And, in that, I would point to the successful negotiations to the end of the hostage crisis, the 1981 Algiers Accord, which took place in at least as fiercely contentious

an environment domestically in both countries and with probably an even greater degree of bilateral animosity. It took a lot of time, and there were a lot of misfires along the way, but I think that we may have approached similar conditions today as we did in late 1980 where both sides really want and need a deal, and both sides are prepared in fact to make the concessions that are required to get it.

It will remain to be seen, but I don't believe that mistrust is a rationale for not pursuing the talks.

MS. COFMAN WITTES: Okay, thank you.

Any parting shots from our panel?

(Pause)

MS. COFMAN WITTES: Well, I want to thank you all for your excellent questions. Thank you for coming, for your attention, and stay tuned.

(Applause)

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