

**CARNEGIE ENDOWMENT
FOR INTERNATIONAL PEACE**

**CARNEGIE INTERNATIONAL
NONPROLIFERATION CONFERENCE**

**10:50 – 12:20 A.M.
THE SECURITY COUNCIL'S IRAN CHALLENGE**

**CHAIR: BARBARA SLAVIN,
USA TODAY**

**ALEXEI ARBATOV,
CARNEGIE MOSCOW CENTER**

**NEIL CROMPTON,
BRITISH EMBASSY, WASHINGTON**

**GLENN KESSLER,
THE WASHINGTON POST**

**BRUNO TERTRAIS,
FONDATION POUR LA RECHERCHE STRATEGIQUE**

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WASHINGTON, D.C.**

*Transcript by:
Federal News Service
Washington, D.C.*

BARBARA SLAVIN: Good morning. My name is Barbara Slavin. I am the diplomatic correspondent for USA Today, and will be chairing this panel. I gather from the number of people in the room that there is a lot of interest in this particular subject. I want to thank Jessica Matthews and George Perkovich and everybody at Carnegie for inviting me to moderate this panel. It certainly could not be more timely.

It was about a year ago that Condoleezza Rice announced that the United States would be willing to join talks with Iran about the nuclear issue and other matters, if Iran would suspend its uranium enrichment program. But, as all of you know, Iran has not suspended that program. Instead, they have moved smartly along. They have about 2,000 centrifuges spinning away now, some issues about how well those centrifuges are working, but they seem to be well on their way to installing 3,000 centrifuges at their fuel enrichment program at Natanz.

In doing this, they have ignored resolutions from the IAEA, resolutions from the U.N. Security Council, including two resolutions that have put punitive sanctions on Iran under Chapter VII of the U.N. Charter. As we speak, diplomats from the five permanent members of the Security Council and Germany are beginning to discuss another round of U.N. sanctions. Probably, we will see some sort of resolution in July, assuming that Iran continues to refuse to suspend its uranium program.

At the same time, the Iranians are talking to Javier Solana and Mohammed El-Baradei, Ali Larijani, the national security advisor of Iran and their chief nuclear negotiator has just invited the IAEA into Iran to clarify, he says, all outstanding issues about Iran's nuclear program, which, as many of you know, Iran hid for two decades major aspects of it. Larijani is an excellent talker, and clearly somebody who knows how to beguile Javier Solana and Mohammed El-Baradei. But whether this new offer is a real offer or it's just another ploy, another effort to stall for time, is something that I think this panel will discuss.

As I mentioned, we've had two rounds of punitive U.N. sanctions, which appear to have had some effect on the Iranians, some effect on their economy, although actions that have been taken outside the Security Council and economic mismanagement by Iran's own government have probably had more impact on the Iranian economy than these U.N. sanctions. And the subject before us now is whether it's time to change the strategy. Should we accept Iran's enrichment program as a *fait accompli* and agree to negotiate despite these U.N. resolutions? Are there other sanctions that might be more effective? Are their real punitive sanctions that the international community would be willing to accept, particularly China, which has important energy dealings with Iran and Russia, which has been in some ways an ally and has helped Iran considerably on its civilian nuclear program.

We're very fortunate to have a really distinguished panel to discuss some of these issues this morning. I had the pleasure of meeting Neil Crompton in 2001 in Teheran when the picture for U.S.-Iranian relations looked a little bit more hopeful in the aftermath of September 11. Neil Crompton came to Washington just a few weeks ago, so I think this may be his debut before a Washington policy audience. He's the political counselor at the British Embassy working on strategic threats and other foreign policy issues. Mr. Crompton joined the foreign office in 1995. He spent the last four years in London as head of the foreign office's Iraq policy unit, and then as its Iran coordinator where he worked on issues such as the Security Council sanctions. I guess he needed a rest after that, so he's come to Washington. Prior to being in London, he's served for four years as deputy head of mission at the British Embassy in Teheran, so he is truly one of the West's premier Iran experts. He was educated at Durham University. He has a Master's degree in Middle Eastern studies.

Our next speaker is Alexei Arbatov. He's a veteran arms control expert and expert on U.S.-Russia relations. He's currently a professor of history at the Russian Academy of Science. He's head of the center for international security at the academy's Institute of World Economy and International Relations, as well as a member of the Carnegie Institute's Moscow Center and a member of their expert council and co-chair of their non-proliferation program. Let's see. Gospodin Arbatov was deputy chair of the Russian parliament's defense committee from 1994 until 2003. He's been a participant in numerous arms control negotiations and he is still a consultant to the Russian foreign and defense ministries.

Our last speaker is Bruno Tétrais. He's a senior research fellow at the Fondation pour la Recherche Stratégique. He's graduated from the Institut d'Etudes Politiques de Paris in 1984. He has a Master's in public law and a Doctorate in political science. He served as director of the civilian affairs committee for the NATO assembly as European affairs desk officer and special assistant to the director of strategic affairs for the French Ministry of Defense. He has been a visiting fellow at RAND. He is a member of the International Institute for Strategic Studies, and of the editorial board of the Washington Quarterly. And his latest book is "War Without End," which seems like a very prophetic title.

And finally, let me introduce my good colleague, Glen Kessler of the Washington Post. Glen and I have been fellow travelers roaming the world with secretaries of State for awhile. Glen joined the State Department beat, the foreign affairs beat at the Post in May 2002 after serving at the Washington Post as national business editor. Before joining the Post, Glen spent nearly 11 years with Newsday, based in both New York and Washington. He served as a White House correspondent, national political correspondent, and also covered Congress. Glen has won numerous awards and was part of two Pulitzer Prize winning teams in 1992 for coverage of a deadly subway crash, and in 1996 for coverage of the crash at TWA Flight 800. He has a Master's degree in international affairs from Columbia, and a bachelor's in European history from Brown.

And small advertisement here – Glen and I have both just written books, which will be published by the same publisher, St Martin’s Press, in the fall, and we shared an editor there as well. My book is on the U.S. and Iran, and Glen’s book is on Secretary Rice and it has a chapter on Iran, and it’s called, “The Confidant: Condoleezza Rice and the Creation of the Bush Legacy.”

So with that introduction, I’m going to ask Neil Crompton to come up and offer a few remarks. I’m going to ask our speakers to please keep their remarks to about seven minutes so that we’ll have plenty of time for question and answer. Thank you.

NEIL CROMPTON: Good morning, ladies and gentlemen. This is a great pleasure to be here this morning. I feel a little bit like the warm-up act for the foreign secretary. You’ll be pleased to know I’m going to resist the temptation to tell you my collection of one-line proliferation jokes. And instead, I was going to perhaps spend a few minutes looking at the sort of rationale for the current international strategy towards Iran, and conclude with a little assessment of how I think we’re doing, which I hope will set the scene for your question of whether or not we should be changing strategy at this point.

I think, as I am speaking first, it’s worth reiterating from the outset how we see the problem from London’s perspective. This is one of the great foreign policy tests of the day. The stakes are extremely high. I think several people in this room have described Iran to me as the defining counter-proliferation issue at stake is whether we take proliferation seriously, the idea of a rules-based non-proliferation system, arguably the credibility of the NPT – and going wider than that, the authority of multilateral institutions; not just the IAEA, but also the Security Council now that it has become involved. And beyond that, the strategic balance in the Middle East hangs in the balance as well as the frightening prospect of a WMD arms race in Europe’s backyard.

So I hope it’s not trite to say that the task before us is a very difficult one. We face a ideological, assertive regime. The current Ahmadinejad administration has a strong militaristic streak to it, heavily influenced by the role of the Pasdaran or the Revolutionary Guards. I think it’s fair to say that this is a regime which senses that the West, or perhaps more specifically the United States, is currently weak because of Iraq and that it has a chance to assert itself as the preeminent regional power on its own terms.

So I think against that background, persuading the regime to change course, will be very difficult. But I think we’re not without levers. I would see these as threefold. Firstly, unlike Iraq or North Korea, this is a regime that desires international respectability. It is striking that the effort that Iranians go to, to present themselves as being on the right side of international law on the nuclear front. The effect of this is that international censure, whether it be by the IAEA or by the Security Council, is a powerful point of pressure in itself. And so, I think it’s worth working to preserve international consensus.

Secondly, unlike Iraq or North Korea, Iran has a pluralistic system of government. It has different power centers. It also has an open society. I think it's fair to say that most members of the regime support the strategic goal of a nuclear capability, but within the regime, there are significant differences within the ruling elite over both tactics and the price Iran should pay in pursuit of that goal. To complement that, the openness of Iranian society gives us opportunities to create pressures from beneath.

Third point of leverage is I think that Iran and Iranians need things that we have, most notably investment and technology. And this gives us leverage as we apply sanctions on Iran. I don't need to explain to an audience of this type sort of the broad strategic options available to us. I think from the perspective of London, a diplomatic negotiated solution remains the best of the options available to us. Our short term goal is to get Iran to meet the Security Council's mandatory requirements to suspend its enrichment program and get into negotiations, hopefully on the basis of the proposals we made in Vienna last June, which are genuinely far-reaching. I think worth reminding ourselves, they would offer Iran everything it needs to develop a modern civil nuclear power industry, as well as a lot more.

If we are to persuade Iran to change course, I think we need to persuade a number – not all, but a number – of Iran's key political constituencies, the price of the current cause is too high. I would define those constituencies as Khamenei and his office, the circle surrounding President Ahmadinejad and the presidency, the wider regime leadership – people like Rafsanjani and former president Khatami – the Revolutionary Guards, the army and wider security establishment, the Majlis or parliament, technocrats, the bazaar, the clerical establishment – not just those in Teheran, but also those in Qom – and the street.

Influencing debate in Iran from outsiders is very difficult. It is a very nationalistic population. Our efforts are complicated by the fact that the nuclear file is only one area of concern. Our policy also needs to advance our concerns about Iran's interference in Iraq, Afghanistan, and the peace process as well as human rights. And on these issues, outside intervention can both help and complicate dealings on the nuclear file.

So how are we doing? I think from the perspective of President Ahmadinejad, he would give himself quite a good report card for the years 2004-2005. The international community moved very slowly in response to Iran's breaking of the Paris Agreement and its defiance of IAEA board resolutions. And I think if we are to look perhaps in October last year, he felt that he was sitting pretty well.

But I think over the last six months, a few things have started to go wrong. Firstly, the adoption of Resolution 1737 in December was a real political shock to the regime, which had convinced itself that either Russia or China would protect itself from sanctions. I think it jolted it out of its complacency. And we've seen a hardening of attitudes by other countries since then. In particular, Russia has hardened its attitude.

Second, I think most importantly, economic pressures have begun to kick in as Barbara mentioned at the beginning. The reasons for this are several-fold – a combination of economic mismanagement by the government itself. I think the political uncertainty surrounding the nuclear file has triggered a process of de facto sanctions, as many international companies have held back from investment or trade. And finally, the impact of Security Council and, indeed, U.S. financial measures has had a knock-on effect on the economy.

I think this influences the politics at different levels. Firstly, at the street level, where ordinary people are suffering from the effect of inflation and high unemployment – we should remember that President Ahmadinejad himself was elected on bread-and-butter issues and meeting those concerns. Secondly, I think there is real nervousness among the politically influential bazaar who worry about the loss of traditional trading partners. Germany, traditionally one of Iran's trading partners -- I think trade with Iran declined 40 percent last year. Quite a striking figure.

You also worry about the impact of the squeeze on credit, the cost of doing business, the difficulty of obtaining those with credit. And there is general nervousness in the business community about where the Security Council process is going next. And finally, economic pressures worry the technocrats and other politicians who understand that without resolution of the nuclear issue, Iran will not attract the foreign investment it needs to secure its economic future. Its oil industry is decaying and its gas industry remains completely underdeveloped in a country where they need to create 800,000 jobs every year just to stand still current levels of unemployment.

Third thing that's gone wrong, I think, U.S. pushback operations in Iraq coupled with some old-fashioned U.S. gunboat diplomacy sent quite a strong message that the field was not clear for Iran just to flex its muscles regionally. And finally, I think that since last summer's conflict in Lebanon, which exposed the extent of Iranian influence in the Arab world, we've begun to see a concerted process or pushback by the moderate Arabs, led by Saudi Arabia. Seen not just a change in governmental positions but also in the Arabic media where derogatory references to Shi'a, Persian, Safavids have begun to creep into common discourse. And that worries not just pragmatists in the regime – many of whom spent '90s trying to patch up relations with the Gulf Arabs, but it also worries wider constituencies, particularly the clerics who aspire to leadership in the Islamic world.

So my argument is that the cumulative effect of these different setbacks has put a puncher in the regime's self-confidence. I don't want to exaggerate that. I certainly don't think the regime's got a flat tire. It may be a slow puncher. But I think we're seeing evidence of nervousness and pressure beginning to build on Iranians in the last six months. In the first quarter of this year, it manifested itself in quite a lively debate. Election results, public criticism of the president, and quite a lively and public and also private policy debate about the direction the country was heading in.

I think in the last two, three months, some of that debate is quieting down, mainly because the leader Khamenei has ordered a crackdown on what the press can report. But we've seen lots of evidence of pressure in other ways – the crackdown, the arrest of people like the former negotiator, Hussein Moussavian, street demonstrations by teachers and others, and the social crackdown, which has been reported in the press most recently here.

An NSC official here once told me with, I should say, a glint in his eye, that the U.S. government judged the political temperature in Iran by the size of the demonstrations outside the British Embassy. What I can say is that over the last few months, the demonstrations outside the British Embassy have become more frequent and more violent. And actually, it is a sort of indicator of the political mood in Teheran and the pressure the regime feels.

So I think, moving forward, we need to maintain our twin-track approach. We need to continue to work the nuclear file. We keep our Vienna proposals on our table, keep lines open as we are doing through Solana, ensure that there is a way out for Iran, if she chooses to get back into negotiations. A watchword – we should be flexible over process but not over substance; in order to get into negotiations, Iran needs to meet Security Council requirements. But, if the, in the short term, continued defiance by Iran remains the case, we should be prepared to build the pressure incrementally through the adoption of further sanctions while working to maintain the broadest international consensus. Our goal is to sharpen the choice for Iran and stimulate further that debate inside Iran.

I shall conclude there. I'd just say, anticipating questions about whether the diplomatic process is keeping up with the problem, I would argue that we still have some time. Our assessment – the U.K. assessment, which I think is broadly shared among the E3 plus three, is Iran is rushing ahead with its enrichment program for political reasons. Its goal is quite clear – it's to establish facts on the ground and win acceptance of its argument that you can't reverse knowledge or you can't reverse its current accomplishments. It's not our assessment has mastered the enrichment process. We believe that the suspension is still worth having for technical reasons, let alone the wider political or strategic reasons for arguing for it. But I shall conclude there. Thank you.

(Applause.)

ALEXEI ARBATOV: Ladies and gentlemen, it is a great pleasure and honor for me to address Carnegie conference on non-proliferation. And it's twice as pleasant for me to do that being now part of Carnegie, because I am in Moscow Carnegie Center. I am on a part-time job running a non-proliferation project together with Rose Gottemoeller, director of Moscow Carnegie Center.

Since the time is limited, I will give you six points, which reflect my attitude towards the way to deal with the problem of Iran at the present stage and in the nearest future. Point number one – Iranian nuclear capabilities should not be either exaggerated

or underestimated. That looks quite like a Mao Zedong saying. But what is the essence of that is that we have to rely fully on IAEA inspections and assessment on what is going on in Iran. National intelligence of the United States, Russia, may contribute to IAEA, may call its attention to some things, which may be missed otherwise. But IAEA is the final judgment of what is going on, including the judgment, which goes to the Security Council for consideration. This already suggests the first priority of policy with respect to Iran. And this first priority is restoration of safeguards and IAEA inspections. I will address it a little bit further a little bit later.

Point number second – with all due respect to Iranian experts, I think it's futile to try to guess what Iranian actual intentions are, whether they are peaceful nuclear or whether they are military nuclear, because there are various groups fighting inside Iranian elite, because intentions may change with time – whether they are bad or good now, they may change in time. So the focal point of world community in dealing with Iran should be Iranian capabilities and projection of Iranian capabilities, not Iranian intentions. Assessment of those capabilities, which is again the primary role and function of IAEA, is to be given top priority. Limitation of those capabilities is another subject.

Number three – united positions of the permanent members of the Security Council and of the six countries, which are now conducting negotiations with Iran, is of utmost priority. They are much more important than progression of sanctions that we may adopt in the Security Council. For Iran, it's the very effective game to play on contradictions between permanent members of the Security Council and various positions of the six countries, which are negotiating with Iran. And Iran is doing it with great skills.

The difference of positions of great countries or great powers is reflected in diluted nature of the sanctions, which are adopted by the Security Council resolution. We should not try to go around this corner with further sanctions, which would further reflect the difference of those positions. We should rather address head-on the issue of different positions and try to come to a united position. Then, the sanctions might become much more effective instrument.

Point number four – presently, there are three principle notions in the sanctions of the Security Council - number one – restoration of safeguards and IAEA controls, removal of outstanding issues with Iranian compliance; number two – stopping enrichment project; number three – stopping plutonium project, which includes the heavy water production plant, the heavy water reactor, and potential plutonium reprocessing capabilities of Iran. I think that the previous experience shows that we cannot achieve all three goals simultaneously, so we should pick our priorities. I think that the number one priority, absolutely essential, is restoration in full scale of IAEA safeguards, inspections, and control, ratification by Iran of 1997 Additional Protocol – all other things, uranium enrichment, plutonium project, are subject of further negotiations.

Point number five – we have to treat Iranian nuclear program as an arms control case in which it's not matter of yes or no, all or nothing; it's always a matter of

compromise. So if we treat it like that, and if great powers have joint position, common position, we could come to a clear definition of what level of enrichment capabilities we may accept on the part of Iran, provided that they are under stringent IAEA controls and safeguards.

And what level of capabilities provides us with sufficient lead time – like five or six years – to bring Iran from enrichment to nuclear materials production sufficient for nuclear weapons? In arms control, five years was a generally and commonly accepted plausible lead time to make sure against very fast reconstitution or breakout activities. I think it should be applied to Iran. And on that basis, we might agree what level of enrichment may be left to Iran, which would be safe under IAEA controls and would leave sufficient time for the world community to take countermeasures if Iran breaks out of that limit. We should be agreed with Iran. If five years is not enough for the world community to take actions to prevent Iran from going full scale to nuclear weapons, then nothing will be enough.

And the final number six advice or point – Iran if it's really a top priority in international security, it should be treated like a top priority, in particular, on the part of the United States. If to do everything that I suggested before, we need a lot of effort to come to common ground between the United States and Russia. Why all this activity around NATO extension to Ukraine and Georgia? Why all that activity about establishing ABM system – ballistic missile defense system in Europe – which is considered objectionable by Russia? If United States want Iran to be the top priority, it should make sure that Russia cooperates and should not estrange Russia by other priorities like Ukraine and Georgia, which -- in my judgment – are not comparable for the world security to the issue of Iran.

And it is very important not to send Iran wrong signals. And from this point of view, I am very critical about the project of deploying ballistic missile defense in Poland and Czechia (ph), because the implication of that project is – and it's not missed by Iran – that the world community might go along with Iran developing long-range ballistic missiles, and maybe even providing them with nuclear weapons and the ballistic missile defense is a fallback position, which is designed for such opportunity. Iran should not be left with illusions that it will be permitted to go all the way to nuclear weapons and long-range ballistic missiles, which do not make sense without nuclear weapons. And that is why, now proceeding with ballistic missile defense in Europe is exactly the wrong signal, which may be sent to Iran at this particular moment. Thank you.

(Applause.)

BRUNO TERTRAIS: Morning. As you know, we have a new political landscape in France. We have a new president, different generation, different style. So I'm often asked, does this mean anything for non-proliferation policy? What's going to happen about France's position on Iran? And you know, I think it's very clear that if anything happens, the French position is likely to be hardened rather than being softened.

What happened in fact when Sarkozy got elected is that you had, what I would call, a reconnection between the presidency and the foreign ministry – between the Elysee and the Quai d’Orsay – because the foreign ministry always had a fairly hard line on Iran, whereas the Elysee was sometimes – well, how can I put it politely? – a bit wobbly.

Well, you know, it’s no secret that Chirac was not a strong believer in sanctions. He said it repeatedly: “I’m not sure I really believe in the efficiency of sanctions.” Sarkozy is a different breed. I actually attended a meeting a few months ago during the campaign. I was not working for the campaign. But he asked a few people to brief him about a few international affairs issues. And it was entirely clear that he was already determined to not let Iran go nuclear.

So bottom line is you have now a new president who has a hard line on Iran. You have a slight change in the bureaucratic balance; maybe a few people have moved from one institution to another, which means that the configuration of power, so to say, is very favorable to a hard line on Iran, at least certainly not to a softer line.

Now, what does this mean for the next steps, because that’s what we’ve been asked to discuss? Well, my understanding is that there is an agreement in France that we still have a little time left, that Iran is not making as much progress as it says it is, and as some other people say it is. The sanctions have created effects. And I think that the French would agree with a lot if not all of what Neil Crompton had to say about that. The sanctions have been efficient. They’ve had an effect. But they have so far not created the desired effect.

So the debate is now about the need for stronger sanctions and whether these stronger sanctions should be - should we – to use a vocabulary from the European integration process, the debate is about deepening versus enlarging. Should we deepen existing sanctions or should we enlarge them? So my understanding is that this is the kind of debate that the Europeans, the French included, are going to have.

If ever there was a need for unilateral sanctions, I don’t think the French would be willing to go to unilateral sanctions now, because my understanding is that their priority is still to have the widest international consensus, that having that P5 – but not only the P5; the whole Security Council – as to show that this is not about the West versus Iran, but this is really about the international community versus one problem country – for these reasons, my understanding is that the French priority will still be as it was for the December and March sanctions to have the widest possible international consensus.

Still, if at some point in the process – maybe not now – well, maybe now; maybe later – it proves impossible to apply stronger sanctions to Iran with the P5 and Security Council consensus. Then, if you take Sarkozy at his word, he would be ready to go for non-U.N. sanctions – that is, coalition of the willing-type sanctions. Now, for this, I’m just relying on his campaign statements, but he said – I think – twice, maybe three times

– that he could foresee a situation where, if needed, such unilateral sanctions might be possible.

At the same time – and then again, I think that Neil put it very eloquently and clearly – there should also be a way out for Iran. And my understanding is that the backbone of the strategy that was adopted by the Europeans in 2003 is still valid. That is, we want to present a rational choice to Iran. You can go in one direction and suffer consequences or you can go in the other direction, and actually get the respectability that you say you want. So the rational choice is to tell them – look, if that’s respectability that you want, it’s much better for you to gain respectability through implementing the demands of the Security Council than trying to get respectability from a nuclear enrichment program, which incidentally has no economic meaning at all. But the prerequisite is to implement the U.N. resolutions.

Talks of a “compromise,” quote-unquote, between one side and the other, I don’t think capture the situation we are in from the French point-of-view. Again, this is not the West versus Iran. These are demands of the international community as represented by the Security Council, which votes unanimously. It’s an important dimension, because from the European standpoint – and French in particular – now this is not only the NPT, which is at stake, it is not only the credibility of the non-proliferation regime; it’s also now the credibility of the United Nations, which is at stake. And going backwards on the demands that have been made by the two U.N. Security Council resolutions would affect the credibility of the United Nations.

Now, a final word – maybe – about Sarkozy, because I’m often asked by American friends and colleagues, you know, how far he would be willing to go in supporting the American position. I say, look, this is not about supporting the American positions, not at all. And I think he does not want to be – I think he said so – when he constituted his first government, he said to one of the ministers, you know, I have this reputation of being an “Atlanticist,” quote-unquote. “I’m not an Atlanticist. I’m very comfortable, often, with American positions.” But he does not want to be called Atlanticist.

And, you know, as your president would say, make no mistake about it, this is not a president who would necessarily follow George Bush’s lead. He does not want to be a poodle. (Laughter.) What happens is that, very often, the way he thinks just happens to be in tune with American policies. It’s more he has the same instincts and sometimes the same culture as some of the decision makers here in Washington.

And to conclude, I would say, for instance, don’t necessarily think that he would favor a military option on Iran. I don’t know what he would do. I don’t know what his answer would be to the John McCain dilemma. What I do know, however, is that the French posture, the French position, is to avoid ourselves being caught in the McCain dilemma.

And an additional conclusion, if I may, I was a little intrigued by Alexei's suggestion that the IAEA always make the final call. Maybe I don't want to misquote you, Alexei, but we should be clear about what that means. The IAEA is ultimately – well, yeah, the IAEA, but not necessarily the director general. At the end of the day, it's the board of governors. And the board of governors is the nations.

And if I may, just for the sake of the debate – we're not supposed to all have the same positions – my understanding is that we're not negotiating missiles. So Iran has missile program and you can make missiles with nuclear warheads or you can make them with conventional warheads. So I'm not sure I do see the connection between the debate on wisdom of having a missile defense system and the Iranian negotiation. Thank you.

(Applause.)

MS. SLAVIN: Are these working now? Can you hear me? It's working, okay.

Thank you very much for your presentations – three different aspects, three different slants on this issue. And I think I'll start by asking each of you a question and then I'm going to alternate with Glen, and we will pepper you with questions for about 10 or 15 minutes and then open to the floor.

For Neil Crompton, you talked about sanctions. You seem to think that they're working fairly well. And you talked about trying to convince segments of Iranian society. How do you convince the Revolutionary Guard Corps that it makes sense to slow their march toward nuclear capability? It would seem that some of the sanctions that have been imposed actually help the Revolutionary Guards, because it forces Iran more and more into a black economy. And those who are in charge of that black economy are the Revolutionary Guard Corps, banking sanctions and all the rest that you mentioned. So how do you get to that constituency?

Then for Mr. Arbatov, it seems as though you're basically saying that we should reverse the Security Council demand that Iran suspend enrichment and instead focus on getting the IAEA back in, which is something that the Iranians seem to want. Is that what you're suggesting, that we should pass a new resolution that would say that Iran doesn't have to suspend if it abides by the additional protocol and invites the IAEA back in and satisfies questions about the program? That would seem to give the Iranians wide latitude to cheat and also effectively split the consensus that we've heard so much about.

And then, for Mr. Tertrais, you spoke about Sarkozy being pro-American. We know he's pro-American. France has, however, interests in the Middle East that are not always the same as the United States. Are you concerned? We saw, for example, that some peacekeepers in southern Lebanon were killed just the other day. France has peacekeepers in southern Lebanon. Do you really feel that France is going to be able to proceed and take a hard line against Iran, given Iran's ability to respond to sanctions on the nuclear issue with violence throughout the Middle East?

MR. CROMPTON: Good question. I'm not sure I know the exact answer to your question. I think I'd answer it in two ways. Firstly, it may be that we can't convince the Revolutionary Guards. When I outlined my list of however many it was, 10 or 11 constituencies, I said we don't need to persuade them all. The price is too high. We need to persuade a number. And I think that the senior leadership weigh up a number of different calculations. And one is how the impact of economic sanctions or the economic deterioration, which I was talking about, will affect support for the regime and prospects for the regime, both in the short term and long term.

Secondly, I would say although there is a sort of strong ideological streak through the IRGC, they're not quite a monolith. There are some very intelligent and actually quite worldly people at the top who worry about the risks of confrontation. I think about the time when you visited Iran and saw me in 2001, the IRGC were working reasonably comfortably with international forces in Afghanistan. We know from Khatami's first elections that 70 percent of the IRGC rank-and-file voted for him. So I think we should be wary of assuming that they are all completely ideological and monolithic. But I think, in the end, the trick would be to persuade the senior leadership through influence on the other constituencies that perhaps the IRGC and others would need to be overruled on this issue.

MS. SLAVIN: Thank you.

MR. ARBATOV: What I suggest is to make some amendments to the policy, which is taken by the United Nations Security Council. It has already adopted three resolutions demanding cessation of enrichment and reprocessing activities. Iran didn't go along with that. So shall we adopt another one, another one, another one, and watch Iran going further and further in its enrichment program? That would be like Chinese 95th last warning to Iran. I think this is the wrong policy. We should recognize that unless we are willing to apply really painful sanctions behind which there is a clear resolution to use military force, Iran will not stop enrichment just because U.N. Security Council demands that.

So my question is, are European states – India, Japan, China – willing to stop importing oil from Iran in order to really inflict terrible pain on its economy, in order for Iran to stop enrichment? I'm sure they are not, and France is not going to do that either.

So we will suggest marginal toughening of sanctions, which will only encourage those who are in favor of nuclear program to go forward with it, saying, you see, the whole world is against us, but they cannot really do anything serious to us. Now, are we really serious about using force to stop Iran from doing that against the background of quagmire in Iraq on the one hand, and against the background of what's happening in North Korea, which conducted all deceptions possible with respect to IAEA safeguards, withdrew from the NPT Treaty, had a nuclear test, developing missiles and everybody is negotiating with them, with this country. Iran is watching that very carefully, too.

Those were the assumptions behind my proposal, that you make first priority full-scale restoration of IAEA safeguards, including ratification and activities with respect to 1997 addition protocol and you say that we will never agree for Iran to go all the way with nuclear fuel cycle, but that is a matter of special negotiations. And we are willing to propose to Iran acceptable solutions, limiting it, for instance, to 2,000 old centrifuges, but no more, and keeping it under very close IAEA safeguards and saying, if you do not agree to that, then the united position of the great powers will be to apply really strong sanctions dealing with oil and then use force. I think that approach is already overdue and continuing with marginal toughening of sanctions is a futile policy.

MS. SLAVIN: If I could just ask a quick follow-up. I know you're here speaking in a private capacity, but do you have a sense that that is also the position of your government?

MR. ARBATOV: I would say that Russian government would not put me to jail for proposing it. (Laughter.)

MS. SLAVIN: Well, we're very glad to hear that. (Laughter.) But we'll give you asylum if you think you need. Mr. Tertrais.

MR. TERTRAIS: I think the question, indeed, of how far we are ready to go, the question just raised by Alexei, is really central. More importantly, the question is how the Iranians perceive how far we are ready to go. That's the key question. The Iranians sometimes understand us very well – when I say us, Europeans, Americans, Russians, and others – and sometimes they don't understand us at all.

So again, the perception of what we are ready to do is absolutely central and I fully agree with Alexei when he says that, you know, if you were an Iranian – the way I put it is if I was an Iranian, what would I look at? I look at our policies collectively vis-à-vis two very different countries, India and North Korea, and look at the record and, from the Iranian point of view and without passing judgment on our policies, the Iranian point of view, well, you know, they think they can carry on and one day they'll get legitimacy recognition and all that or we'll just let them go. So affecting their perception is the central issue here.

Now, on your specific question, I don't think the French and American interests are really that different in the Middle East today, except perhaps on the question of investment in the oil and gas sector in Iran where there is clearly a difference between Europeans and Americans. I don't think that the current French administration will be keen on taking the whole issue of oil investments and gas investments very much into account in its position on the nuclear issue. I think they will try as much as they can to separate it. But I don't think that's a relevant point.

In fact, the question is, do we want sanctions to affect the Iranian people or can we manage to have sanctions affecting as less as we can the Iranian people? The problem is that the leadership, the Iranian leadership, will do its best to convince its people that we

are punishing them, whereas, in fact, they are the victims of Tehran's own economic incompetence. So that's the kind of dilemma we're in. But I don't think the whole issue of economic interests will be central. Very often, French firms who invest in Iran have much bigger interests in the United States, so they're not completely stupid –

MS. SLAVIN: My question was about the security interest, though. Yeah, in Lebanon, you, in effect, have hostages there.

MR. TERTRAIS: Chirac was preoccupied with that and, in fact, he was making a linkage between the two. Clearly, he was – well, he's made that clear. I don't have any impression that Sarkozy is ready to make that kind of linkage, certainly not as much as Chirac was doing it. But I frankly have to say I don't know. What I can tell you is that every time that I'm asked for my opinion, not necessarily by the administration, but about these issues, I always say the same thing, that is we should deal with that issue the same way – we should use the same strategy, so to say, as the one that Yitzhak Rabin was recommending for fighting terrorism. We should separate – deal with Hezbollah as if the Iranian nuclear program did not exist and deal with the Iranian nuclear program as if Hezbollah did not exist.

MS. SLAVIN: I'm not sure it can be done. We have an intervention from the floor, a representative of Javier Solana, who has put up her hand and wanted to say a word before we turn to our further questions, if that's okay. Hot from five hours of discussions between Ali Larijani and Javier Solana, I think, on Saturday in Portugal.

ANNALISA GIANNELLA: Thank you very much. My name is Annalisa Giannella. It is true that I am Javier Solana representative on nonproliferation issues, but I would like to express myself on a personal basis now. First of all, I would like to underline that so far the Security Council and the Group of Six countries which have given Monday to Solana to negotiate with Larijani, the unity of this group is very good and I think it will be maintained like that. And I think it is very important that the Security Council and the Group of Six keep this unity because if we would go for unilateral sanctions or sanctions just by some of the countries, I think we would miss the weight of the fact that this is not a bilateral issue between Iran and the U.S. or Iran and Europe, we would miss this, the fact that this is an issue for the international community as a whole. So I think it is very important that we continue on this way, we continue to act as international community as a whole.

Secondly, I would like to comment on what Mr. Arbatov said. I think that I am not sure I share entirely what he says about the priority, classification in terms of priority between cooperation with IAEA and enrichment. But I will also make another comment. First, I think enrichment and suspension of enrichment is very important because Iran always speaks about enriching uranium in order to get fuel supply. But in fact Iran is developing enrichment know-how but does not have fuel fabrication technology, so between the – you know you can enrich uranium, but there is still another second phase which is the fuel fabrication and Iran never speaks about that. So clearly, this makes us

very suspicious about why Iran wants to enrich uranium. So for me, enrichment of uranium is still a real point of concern.

However, I must say that now Iran has made this offer, we will see whether it is true that they will do it, because between what they say and what they do, there is still always a big difference. But let's suppose that Iran really starts to cooperate with the IAEA in order to clarify their standing (?) issues. Let's suppose they do it seriously, let's suppose they do it rapidly. Well, I think that we cannot simply continue to implement the strategy we have adopted so far in a sort of automatic and mechanical way. We have to reassess the situation. I think that it would be a very, very positive development, again, if it really takes place and it really takes place at great speed.

But in order to have this cooperation with the IAEA for the clarification of the outstanding issues, we also need, first of all, a new declaration by Iran, a comprehensive declaration by Iran, of its nuclear activities. Now, until now Iran has made several declarations which were all not accurate and not comprehensive. So we need a real sincere and comprehensive declaration. In order to have that, maybe Iran could be afraid that to declare now that there have been more covert activities and covert activities which were related to a military program could trigger a new set of sanctions.

So I agree with what Perkovich said at the opening of this morning's session, that maybe we have to reflect on whether we should not give to Iran a sort of engagement commitment that a comprehensive declaration would not in itself trigger new sanctions, because otherwise I don't know on which basis this new cooperation with the IAEA could be developed.

And finally, I think that clearly Iran wants to have a role as a regional power. This is important for them and it is understandable. Maybe we have to work, in order for Iran to understand they can get this status just behaving in a responsible manner and without pursuing either a nuclear weapon or a sort of threshold capability. This is something Europe is ready to do, is ready to offer a real relation or relation of partnership if Iran becomes a reliable and serious partner. And maybe U.S. should also think about it. I know it's very difficult to think about this under the current circumstance, et cetera, et cetera, but it is an important point. And if U.S. is ready to negotiate with North Korea and is ready to give a security guarantee to North Korea, well, this is part of the thing that U.S. should start considering in relation with Iran. Again, I am speaking on a personal basis.

MS. SLAVIN: Thank you very much. I appreciate it. Glenn.

GLENN KESSLER: Yeah, actually if I could pick up on that, because I want to ask general questions to all of our panelists looking at the option that's going ahead, two different ways. One is we've had a lot of discussion of sanctions, but there is also a package of sweeteners that had been put on the table a year ago. And one particular sweet sweetener that, I wonder if that could be expanded or made more fulsome going

forward is the question of Iran's role in the region and the respect it receives, particularly from the United States.

I don't think it's been lost on the Iranians that that section of the sweeteners weakened greatly from when the Europeans had the portfolio by themselves and then when the Americans joined. And if you were an Iranian and you looked at what the package of sweeteners were on the respect (?) side, the most you could kind of expect was a track two dialogue with the United States, as opposed to a real substantive dialogue. And I wonder if that, combined with the possibility of tougher sanctions is something that should be put on the table if you can get the American administration to agree to that.

And then, secondly, looking at it from the other perspective, certainly John McCain and other politicians have talked about military strikes, just dealing with the issue by destroying the tents (?) and other facilities. How realistic is that as a possibility? What should the United States be doing to lay the diplomatic groundwork for such a possibility? And is – (chuckles) – is there any way that anyone represented at this panel would support such a possibility? Feel free to jump in. (Chuckles.)

MR. TERTRAIS: This is on the record, yeah?

MS. SLAVIN: Sweeteners first.

MR. CROMPTON: Sweeteners. Well, I think I would just say, I think there clearly was a difference between proposals that Europe made in August in 2005 and the Vienna proposals we made in June 2006, because in the first case they were (?) by Europe, whereas there was a much more active U.S. involvement in the drawing up of the Vienna proposals. And I think the administration put very significant sweeteners on the table and clearly making clear that Iran would be allowed access to advanced Western technology in the nuclear field, the lifting of some sanctions in important areas, (across ?) spare parts, access to IT, and things like that, things which really mattered to Iran.

You can debate endlessly whether or not we could put more on the table in terms of regional role. Clearly for Western countries, we have a dilemma in that Iran wants to play a regional role, but we see it to greater or different shades as playing a very maligned role, whether it be in Iraq, Afghanistan, and in Lebanon. And that role is actively getting worse. But I think there's something in what Annalisa says, it's one of the issues we need to address, ideally, would be addressed through negotiations. I think we have made clear and Secretary Rice has made very clear that if we get into negotiations, either side can raise any issue it wants in negotiations. You know, it simply doesn't make sense to put all your cards on the table in the first round. I do think that it's helpful in terms of addressing that respect point that countries do talk to Iran about Iraq, which is obviously an area of common interest and concern to us both. And maybe that's something that might encourage different parties to think more about whether this could be included as part of negotiations and create the confidence to get into negotiations.

On the McCain question, we could debate this endlessly. I think I agree with sort of the line Bruno takes. I think McCain framed the question rather elegantly. I think it's a question that we don't need to address at the moment; I think there's still life in the current strategy which needs to be worked on and fine tuned. My job as a policymaker – I accept that we may have to address the McCain question down the line, but my job as a policymaker is to ensure that ideally our policymakers are in the position where they never have to make that choice. That may be a farce (?). (Laughter.)

MR. ARBATOV: I think that no sweeteners would make Iran abandon what Iran has already in place. Without the threat of really harsh sanctions dealing with oil imports and exports of oil products, which are important for Iran, and the clear threat of force, Iran is not going to abandon what it already has. We may adopt 10 more U.N. Security Council resolutions and Iran will go forward with its program and then the starting point would be much worse for limiting to what it has compared to what it has now or what it had a year ago or a year ago if we took this policy from the very beginning.

The unity of great powers in the United Nations Security Council is very superficial and shallow and that's why the resolutions are so weak. We are basically – and the resolutions are internally contradictory, like sanctions are. We are telling Iran abandon everything you have, freeze that, we may take it away from you, or, or what? Or we will do nothing to you. (Laughter.) This is –

MR. CROMPTON: Or we will impose further sanctions.

MR. ARBATOV: Further sanctions yet, another visa restrictions, another flight restrictions. But that's not what Iran fears. It has the national idea now developing nuclear energy; it's national idea of Iran because this is the way for Iran to become the leader of the Muslim world. And one billion Muslims in the world support Iran in that, at least at the grassroots level. Governments may differ, but talk to the people in the street; they support Iran in that. They think it's a just cause.

So I think that the resolutions have to change – (inaudible) – someone to say we recognize your right to have some enrichment. As George Perkovich said, we will not punish you for your past violations, but since you committed those, your enrichment capability are to be limited for us to be sure that you do not have a fast breakout capability. And let the experts judge what number of what type of centrifuges leave us sufficient lead time to discover breakout attempts and to take measures to prevent that, including military measures in that case if Iran goes for violating a clear agreement. That's, I think, how it should be played.

Of course, Iranian enrichment program is extremely suspicious, but you cannot start a war because of 1700 old centrifuges against the background of what is happening in Iraq and what is happening to North Korea. Sweeteners may work if we propose to Iran a face-saving solution: under full safeguards of IAEA, with respect to military solution, applying force to Iran because it does nothing which is prohibited by NPT, which permits enrichment, and because there is no clear connection between IAEA

safeguards activity and enrichment, it's artificial connection, political connection. I talked to people from IAEA, they say to conduct effective inspections, we do not need Iran to stop enrichment activities.

So to do all that, I think, would be a medicine that would be worse than the disease, because there is no doubt that Iranian nuclear infrastructure can be effectively destroyed within a few hours by United States military capabilities. But what comes next? Iran will not say okay, we're sorry we did that, now we will be a good guy. That's not going to happen. Iran will retaliate with everything it has and the Muslim world will retaliate with everything. I do not – I would not be surprised if the league of Islamic states would collectively abandon NPT Treaty after that; 23 countries would withdraw. Would you start war against all of them? And instead of what you have now as a localized Iranian problem, you will have a black hole from Gaza to Hindu Kush, with which the contemporary world may not be able to deal effectively.

MR. TERTRAIS: Well, I think I remember almost similar statements right before the first Gulf War, not from Russians – well, from some Russians, but from some French, too, by the way. On the sweeteners, the question of security guarantees has been mentioned. It's an interesting topic, but the thing is, you know, the Iranians keep saying we don't want security guarantees, we're not interested in your security guarantees, so I'm not sure at all that this whole issue is really relevant.

I think on the sweeteners, we have a dilemma, because it's one thing to not punish or sanction past bad behavior; we don't want to reward past bad behavior. I mean, the package, the 2005 package, is, by any standard, a good package. Even if the Iranians don't believe it's a good package, I think it's a fairly good package. And there is a limit in terms of what we can offer, because otherwise we're going to end up rewarding past bad behavior. So that's one kind of a dilemma.

The second dilemma is more for the United States. It's a question of regime recognition, of course. I don't think that the United States could give the kind of dialogue and recognition that Iran says it wants if there is no significant Iran, Iranian behavior change, not only in the nuclear field, but in other issues, Iraq being one of them, but only one of them. And then you have the now classic Libya dilemma: do we accept a bad guy who has changed his behavior? Even if we don't like the guy, but if that's the price we have to pay, then maybe it's – so that's the kind of dilemma we face.

On military strikes, well, first of all, you asked me for my personal opinion, that's very kind, but my personal opinion does not matter. So I would just say two things, though. If somebody is ever to do it, they better do it right and not only target the nukes, but also try to shake the foundations of some of the parts of the region we don't like. If you are ever – if anybody's ever going to strike Iran, which I'm not necessarily favorable, I hope they also target a bunch of IRGC barracks. That's one thing.

The second thing, the discussion about the military option should bear in mind – the discussion of how a military option should be perceived by Iran should revolve, I

think, around what Tom Shelling (ph) called the threat that leaves something to chance. It's very important for the Iranians to know that at the end of the day, it's very possible that they end up with a very significant air strike on their country. Now, whether I favor it or not is irrelevant.

MR. ARBATOV: May I ask a question? A direct question?

MS. SLAVIN: Yes.

MR. ARBATOV: Yeah? Well, it's always very easy and very gratifying job to judge what is best for the other country's interest. And saying that the package of 2005 was good enough for Iran is an easy statement. My question is would France abandon its nuclear program for such a package?

MR. TERTRAIS: I think it's irrelevant. (Laughter.)

MS. SLAVIN: I have a notice from the floor that we're running short on time and I see we have people lined up very nicely at the microphone already, so I'm going to turn it over to the floor now.

Q: Tom Cochran, with NRDC. Alexei, I'm confused on a technical issue. At 2000 machines, even P-1 machines, Iran, if they were fully operational, would already have a breakout capability that's far shorter than your five-year number; I mean, it's even shorter than one year if they've pre-produced LEU. And so I don't understand – I see an inconsistency with your proposal for a five-year breakout and your permission of Iran to maintain the existing capability. I also think it's a very bad idea to define the limits in terms of the number of machines rather than the centrifuge per year. Bear in mind that the Urenco and U.S. machines are over 100 times more efficient than the Iranian machines.

MR. ARBATOV: Well, I'm not a nuclear engineer or expert. I suggested the general approach. The number of centrifuges or the capacity is the subject for experts to estimate and to agree upon. And that's, I think, the correct approach. From what I discussed with Iranians and what I discussed with people from IAEA, Iranians might go for reduction of the number of centrifuges for sweeteners, but they would never go for total abandonment of what they already have.

Q: Is this working?

MS. SLAVIN: Yeah. State your name.

Q: Well, in –

MS. SLAVIN: State your name, please.

Q: Paulo – (inaudible) – I mean, of course, in a panel like this is missing the Iranian voice, so I think that we're really in a difficult situation. Let me just make a few points and welcome your points. First, I think that the Iranian viewpoint is that they tried suspension for some time; again, they got nothing. And after that, they decided that the attitude has to be changed. And it is very difficult now to expect an incremental, slow, safe pace of sanctions will change their mind. If sanctions becomes very strong involving oil, that's another story. And I think Iran has at its disposal, I think as Alexei was saying before, a whole set of options to detach themselves from the nonproliferation regime, withdraw from IAEA, withdraw from NPT at the end of the line and so on.

Let me also point out how they see the possibility of military strikes. First of all, in my conversation, I think I had really met nobody who was really serious worried about that. And that's kind of surprising. The idea is that this kind of approach is, well, it's too risky for the United States which is already in a difficult situation in the area. And also one argument is that, well, how this military strike will stop, to where, to what point. If it is only selective against military installations, nuclear installations, then this can be reconstructed, but in a totally different climate. If, as Bruno was mentioning before, this attack is extended, then the scenario that Alexei Arbatov was mentioning is likely to happen. I mean, you will have a situation of massive confusion from India, Pakistan to Somalia, I mean, not only –

MS. SLAVIN: Sir, do you have a question for the panel also?

Q: That's the question is answer to these points. So what I'm saying is that the military option doesn't look probable to them, so at this point, I think – and that's essentially, why don't change strategy with respect to the enrichment. I think the enrichment is became a matter of face-saving fundamental to them. Limitation is possible. Discussion is possible. Simple suspension is possible, but a little bit of adaptation of the international community. And I wonder whether this kind of adaptation is possible or not.

MS. SLAVIN: Neil, why don't you take that?

MR. CROMPTON: We should be slightly wary of Iranian claims that they suspended for two years and they got nothing. I think the history of this negotiation was that they entered into an agreement in 2003. We then effectively had a year-long negotiation about the scope of the suspension, which I think was completed in November 2004. We then had some serious engagement with the Iranians as the E-3 between November 2004 and the summer of 2005, during which we made a very serious proposal to the Iranians, which offered them many serious sweeteners. What else did Iran get out of it during that period? It didn't get taken to the Security Council and it didn't get sanctioned.

I think we just need to remember the original basis for suspension. Iran had in secret developed these programs, which are of real concern to us because they would give it the capability to produce fissile material. In entering into negotiations in which we

agreed not to take Iran to the Security Council, we asked that Iran take the confidence-building measure of not developing these facilities. It seems to me it's neither credible from a nonproliferation point of view or from a political point of view simply to move our red line to get into negotiations if, in getting into negotiations, we can see the objective of our negotiations, which is our preferred outcome, which is a moratorium on all these activities. And that's a preferred outcome which is shared not just by the Europeans and the United States, but also by Russia and China.

Q: Thank you. Mustafa (ph) – (inaudible) – University, Turkey. Actually, I'm studying Iran for the last 12 years so and been to Iran on two occasions and I would like to share a couple of my observations. And Iranian's have very good academics good academics, scholars, experts, and diplomats who are following the world who are also following this kind of discussions and they see very well that there is kind of deadlock as to what the West can do against Iran and this is something that plays into the hands of Iranians because there is no cost actually on sight, on the horizon that may really deter them from not doing what they are doing right now.

So but I think this is kind of perception of mine which comes out of my sort of discussions with Iranians, there are basically two kind of nightmare scenarios which are quite interrelated. One is the expansion of coalition against Iran in the international arena, especially in the region, that is U.S. persuading the regional countries to act together with the United States. And taking this into consideration, Turkey is one of the countries that will, in my opinion, be very negatively affected for Iran's nuclear capability, has no reason to be ally with the U.S. on this issue because Turkish-American relations are hitting the bottom these days because of the Iraqi situation. And this is pretty much the same for the rest of the regional countries.

The second nightmare scenario is inability of Iran to respond in kind to a possible U.S. military strike. Well, actually this is something that the West might somehow want to exploit because there is, as far as I can see, growing frustration in Iran, even within the state establishment, regarding Ahmadinejad's statements and his behavior. And there is real hope on the side of some Iranians who are powerful and who had powerful positions until recently that Khatami might come back. So if the West does something that might limit Ahmadinejad's ability to respond in kind, that may be a big loss of face for him, which may lead to his replacement by Khatami, who may be more sort of conducive to having a better climate between Iran and the West to stop –

MS. SLAVIN: So your question is whether there's something that we can do that would impact Ahmadinejad?

Q: Well, that was a comment rather than a question. Thank you.

MS. SLAVIN: Okay. Who would like to take that one? Neil, again, maybe for you, I'm not sure.

MR. CROMPTON: Well, just very quickly, I mean, I think the Western engagement with President Ahmadinejad is extremely limited and I think, as I have said in my presentation, in a sense, our goal is to influence the politics in Iran, we hope. Iranian politics goes in cycles. Arguably, we've passed the high point of sort of the ideological, assertive tendency; I think that last December's elections were quite significant and we have parliamentary elections next year and presidential elections the year after that. We shouldn't pin our policy entirely on hopes that Iranian politics will change for the better. That would be naïve, but it should be a factor in our calculations.

MR. TERTRAIS: Can I just add one – very quickly. We should certainly not pin our hopes on one particular individual, be it Khatami or Rafsanjani. Khatami, well, we've had several years during which Khatami was singing lullabies to us about the dialogue of civilization and during which the nuclear program was actually going full blast. Rafsanjani, well, okay, who's not a moderate, by the way, as often people say, he's maybe a pragmatic, but not a moderate. But it's the second time we've been waiting for Rafsanjani as a *dues ex machina* and we were waiting for him in 2005; he failed to show up. So I just caution everybody not to place hopes in one single person.

What is certain, however, is that something has got to give in the Iranian domestic political scene. How far and how much we can from the outside affect that is open to question. We're trying to do that through sanctions, but other things have to come from the Iranians themselves, that's for sure.

MR. ARBATOV: May I also add to that?

MS. SLAVIN: Please.

MR. ARBATOV: I think that in contrast to North Korea where we are dealing more or less with a homogenous player, in Iran we are dealing with a combination of various groups. It's very difficult to guess what is happening inside Iran. So to try to play those internal domestic games with Iran probably would be futile and even counterproductive. I think that we should rather concentrate on creating external conditions that would support reasonable growth. And demanding all or nothing from Iran and threatening them with nothing is exactly strengthening position of the most radical groups. That's why I think that we should change this policy.

MS. SLAVIN: Okay. Sir, this is probably going to be the last question. Let me take your question and then over here, but very quickly and no statements, comments, just a quick question, okay?

Q: Okay, Barbara. Moser (ph) Slaiman (ph) with al Wasat newspaper.

MS. SLAVIN: Thanks.

Q: I thought it could have been more beneficial to have a regional perspective in the panel and I'm not going to offer that, but I'm just – in view of the question of I'm

going to put it. People in the region are asking why there is no regional context like similar to North Korea involving the people who are affected directly by any nuclear weapon program for Iran. The issue also been perceived that United States – U.N. has a resolution about disarming Iraq as a part of creating weapon-of-mass-destruction-free zone in the region why there is no even attempt to discuss that. Those kinds of issue involving the regional powers in the process and talking about nuclear-free zone probably would be more beneficial than all the things that is being done, been talked about.

MS. SLAVIN: And one over here.

Q: Thank you. I have a comment rather than a question, would you like me to say or would you rather just –

MS. SLAVIN: Could you speak up, I'm sorry.

Q: I have a comment, not a question. Would you like me to –

MS. SLAVIN: I'd like questions only.

Q: Okay.

MS. SLAVIN: You can give your comments later personally, if you want. So lady behind you, thanks.

Q: Michelle Moghtader (ph) with the Washington Prism. We're constantly asking Iran to change its behavior, but we have to ask why it feels so insecure and the U.S. at this time has also funded \$75 million for opposition groups. And I was wondering if you could address that and why we don't ask the U.S. to look at its behavior as well. Thank you.

MR. ARBATOV: May I respond to the previous question?

MS. SLAVIN: I'd like everyone also just to give a brief summary, if they like, of their –

MR. ARBATOV: I want to give a very quick to the previous question on the nuclear-weapons-free zone. Well, for obvious reasons, it's impossible to go straight for nuclear weapons free zone in the larger Middle East. But I would like to draw your attention to an interesting idea that was promoted recently in the report of Weapons of Mass Destruction Commission, headed by Hans Blix. The proposal is to make a first step in agreeing to have a uranium-enrichment-free zone in the larger Middle East, which would include Israel, Iran, and all other countries to make a first step towards the final goal of nuclear-weapons-free zone with agreeing not to have industrial enrichment capabilities in any country of the region.

MR. TERTRAIS: Okay, two quick comments about Iran's insecurity. I think that's debatable. And the United States has gotten Iran rid of its two adversaries of the '90s, the Taliban and Saddam Hussein. So the feeling of insecurity is debatable, especially since when you really look closely at the rhetoric surrounding the nuclear program, I don't think that Iran's nuclear program is driven by security concerns. It's mostly driven by politics and prestige concerns. There are certainly some security issues at stake, but they're currently secondary. When the program was reactivated in the '80s was probably primary, I think now it's secondary.

The nuclear-weapons-free zone is being discussed and debated all over the world all the time. Well, okay, maybe I'm exaggerating a little bit, but nobody's preventing a debate on nuclear-weapons-free zone. The problem is that I don't think Iran is interested in having nuclear weapons because another country in the region has nuclear weapons; I don't think that's – so I don't think that – apart from the practical huge difficulties of setting up such a zone, I don't think it's really – it's like security guarantees. I think it's a false solution.

MS. SLAVIN: And, Neil, if I could just ask you – we don't have a representative from the U.S. government here, so I'm going to ask you since you're the closest thing we have – (laughter) – even though Tony Blair is no longer prime minister.

MR. CROMPTON: Bruno might – (inaudible, laughter) – to that now.

MS. SLAVIN: This is true. Just quickly, was the \$75 million which was actually \$66 million a bad idea? Should the U.S. shut its mouth about democracy promotion in Iran if it wants to get success on the nuclear issue? And what about letting some of the regional people in in a sort of different Six Party process, because here you've got Europe and Russia and the United States over the heads of the people in the region trying to solve an important issue for that region.

MR. CROMPTON: Is there a tension between promotion of human rights and nuclear – (inaudible) – I'm not sure there is. I think I would say that the U.S. program is not for opposition groups, but it's actually to promote civil society and human rights. And I think the U.S. should continue to do that as I think Europe is and should continue to do, because, A, it's the right thing to do, and, B, I think we had a range of issues with Iran that we need to address. The nuclear issue is arguably the hardest to pick a fight with Iranians on because I think it's the one where the regime is best placed to mobilize public opinion and it can present it as a nationalist issue, as it does quite successfully. And I think showing that the West is strongly committed to the upholding of human rights and democracy in Iran shows that our problem is not with Iran per se, but it's with specific policies of this current regime.

Interesting question about whether we should involve the countries in the region more. I think one of the remarkable things about the E-3 process is the way we built an international consensus and I think we've been very successful in that. We brought in a whole range of countries, all of whom are closely consulted and involved in policy

including the Gulf States. Maybe as we move forward, it's something – in practice involving the GCC states, Iraq and other neighbors in the question may be important, at least I think if we ever have a comprehensive agreement, it will need to address some of these issues that – (inaudible) – like Iran's regional role and clearly the neighbors will have a view on that. But the process as itself is quite unwielding. It's quite difficult to coordinate positions among Paris, Berlin, and London; it's even harder to coordinate positions among six. And I think if we were to involve another group of six or 12 countries, it would become much harder and stop leaks of papers. (Laughter.)

MR. : No, no, we'd like that.

MS. SLAVIN: Thank you very much. Unfortunately, we are out of time. We are over time. Thank everybody for coming and our panel today. (Applause.)

(END)